Austria ... Sch 20	Indonesia ... Rp 2500	Philippines ... Pes 20
Bahrain ... Din 0.650	Israel ... Shk 3.50	Portugal ... Esc 70
Belgium ... BFr 45	Italy ... L 1500	S. Arabia ... Rls 8.00
Canada ... C$1.00	Japan ... Y 550	Singapore ... S$ 4.10
Cyprus ... C£0.70	Jordan ... Fils 500	Spain ... Pta 175
Denmark ... DKr 8.00	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Egypt ... E£1.00	Lebanon ... £L 25.00	Sweden ... SKr 7.00
Finland ... Fmk 6.50	Luxembourg ... LFr 45	Switzerland ... SFr 2.20
France ... FFr 6.00	Malaysia ... Rm 4.25	Taiwan ... NT$ 95
Germany ... DM 2.20	Mexico ... Pes. 300	Tunisia ... Din 1.375
Greece ... Dr 80	Morocco ... Dh 6.00	Turkey ... L 350
Hong Kong ... HK$ 12	Netherlands ... Fl 2.75	U.A.E. ... Dh 6.50
India ... Rup 15	Norway ... Nkr. 7.00	U.S.A. ... $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,989 | Friday July 25 1986 | D 8523 B

The haze still shrouding Chernobyl, Page 2

World news | Business summary

Peres and Hassan pledge new talks

Israeli Prime Minister Shimon Peres returned home from Morocco early yesterday morning saying that in future he and King Hassan would search for "a joint formulation, not just joint approaches." No time was set for the resumption of discussions.

The three rounds of talks just ended between the Israeli and Moroccan heads of government centred on the 1982 Fez Plan which called on Israel to withdraw from all occupied territory.

In the plan the Arab states also tacitly recognised for the first time Israel's right to exist. Page 3.

Poles questioned

Mr Jack Kuron, a leading dissident in the Solidarity movement has been summoned for more questioning by the Polish authorities, who have passed a new law that would free detainees who promise to renounce activism and confess to underground activities. Page 2.

Chernobyl explained

The Soviet foreign ministry said that the Chernobyl nuclear accident was caused by improperly conducted tests designed to see whether the generator could supply energy for the power station before it was switched over to emergency supply if one of its four reactors stopped working. Page 2.

Extremists arrested

Harold Flynn, who escaped from Belfast's Maze prison three years ago and is the head of the Irish National Liberation Army (INLA), has been arrested with three other members of the extremist movement in Paris.

Lambsdorff's future

Count Otto Lambsdorff, former West German Economics Minister, is expected to seek a seat in West German Chancellor Helmut Kohl's Cabinet following the collapse of charges that he accepted bribes from the Flick company. Page 18.

Surgery for UN chief

UN Secretary General Javier Perez de Cuellar, 66, has undergone a five-hour coronary bypass operation in a New York Hospital.

Guinea coup fails

Spain said yesterday that the Government of Equatorial Guinea last weekend foiled a coup attempt led by Guinea's Deputy Prime Minister Fructuosa Mba Unana and Planning Minister Marcos Mba. Thirty people were arrested after attempting to occupy the presidential palace.

Institute blasted

A double bomb blast shook a laser technology research institute in Aachen, West Germany yesterday and federal prosecutors said they suspected sympathisers of Red Army Faction extremists were responsible.

Papal house attacked

Police near Rome shot dead a man who attacked them with an axe after throwing a package, later discovered to contain nothing but rubbish, at the gates of the Pope's summer palace.

Bullion plotter jailed

Kenneth Noye, who was behind the plot to dispose of £26m ($39m) of gold bullion stolen from a warehouse at London's Heathrow airport in 1983, has been sentenced to 14 years in prison.

Paris hostage taken

A man believed to be armed with explosives escaped with a woman hostage from a bank in central Paris yesterday, demanding FFr 10m ($1.4m) in ransom. It was thought that the hostage-taker was a bank employee with a grudge against the company.

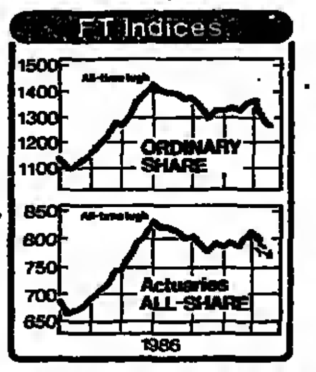
PepsiCo to buy Kentucky Fried

PEPSICO, US soft-drinks and fast foods group, is to buy Kentucky Fried Chicken from RJR Nabisco for $850m.

THE US Interstate Commerce Commission yesterday shocked Wall Street and the country's railroad industry by voting 4-to-1 to deny the merger of the Santa Fe and Southern Pacific railroads. Page 20

ICI shares fell 18p to 962p after the company reported a 12 per cent fall in first-half taxable profits to £472m ($703.28m) in line with forecasts. Page 24; Lex, Page 18.

LONDON equities turned lower as political uncertainties resurfaced. The FT Ordinary index ended 22.6 lower at 1,264.2. Page 38



TOKYO stocks were at a record high after heavy purchases by institutional investors. The Nikkei market average gained 166.17 to 18,026.24 compared with the previous peak of 17,882.80 set on July 17. Page 38

WALL STREET: At 3pm, the Dow Jones industrial average was down 9.70 at 1,788.67. Page 38.

DOLLAR rose in London to DM 2.1365 (DM 2.3150); FFr 6.9050 (FFr 6.8900), but fell to SFr 1.7240 (SFr 1.7260), and Y156.60 (Y157.30). On Bank of England figures the dollar's index rose to 114.4 from 113.0. Page 31

STERLING rose in London to $1.4940 ($1.4920); DM 3.1925 (DM 3.1650); FFr 10.3150 (FFr 10.2800), but was unchanged at SFr 2.5750 and fell to Y234 (Y234.75). The pound's exchange rate index fell 0.1 to 72.8. Page 31

GOLD rose $1 to $348.75 on the London bullion market. It also rose in Zurich to $348.80 from $347.20.

In New York, the Comex August settlement was $349.30.

EEC announced cuts of Ecu 2.61bn ($2.60bn) in its 1987-91 technology research programme. Total Funding drops from Ecu 10.35bn to Ecu 7.735bn. Page 2

DU PONT, the biggest US chemicals group, reported a 41 per cent increase in second quarter net earnings. Page 19

PHILLIPS PETROLEUM, the large integrated US oil and gas group, suffered a severe slide in earnings because of plummeting oil prices. Page 19

PANHANDLE EASTERN, the Texas-based natural gas distributor, reported a $516m second quarter loss and announced that it was considering alternative ways of restructuring its business. Page 19.

DRESDNER BANK, West Germany's second biggest commercial bank, raised its operating profit to a record level in the first half of this year, mainly due to buoyant earnings from securities trading. Page 19.

PHH GROUP, large Maryland-based fleet management concern, has agreed to buy Avis Leasing's domestic car and light truck fleet management and leasing operations for about $134m in cash. Page 20

BELL CANADA Enterprises, telecommunications, energy, printing and property group, had lower profit in the second quarter and first half of 1986 because of lower contributions from Northern Telecom and TransCanada Pipelines, Page 20.

Thatcher and chief aides criticised over Westland role

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

A BRITISH parliamentary committee yesterday strongly criticised the handling of the Westland affair by Prime Minister Margaret Thatcher, the country's top civil servant and other senior ministers and officials.

The Westland affair in December and January centred on the future of the ailing British helicopter group. Mrs Thatcher's Conservative Government was split between supporters of a European rescue, involving French, West German, Italian and British companies, and those who favoured a joint approach involving a minority shareholding by Fiat of Italy and Sikorsky, the helicopter subsidiary of United Technologies of the US.

Westland shareholders eventually approved the latter option, but not before the resignation of Mr Michael Heseltine as Defence Secretary and Mr Leon Brittan as Trade and Industry Secretary after an acrimonious row within the Conservative Cabinet.

Yesterday's unanimous report by the House of Commons Defence Select Committee, on which the Conservatives hold a 7-3 majority, focuses on the leaking by civil servants of parts of a letter from Sir Patrick Mayhew, the Solicitor-General, without his permission, in order to discredit Mr Heseltine, then Defence Secretary.

The MPs say this was "disreputable" and "improper." Mrs Thatcher's statement that she had no knowledge of the leak on January 6 was accepted by the MPs although they were highly critical of the alleged failure of her Downing Street officials to inform her of what had happened.

Mr Bernard Ingham, Mrs Thatcher's press secretary, is criticised for distancing the Prime Minister and her officials from the consequences despite having realised the implications of the leak.

The report makes particularly severe criticisms, possibly the strongest a Cabinet Secretary has ever faced, of Sir Robert Armstrong for his conduct of the subsequent inquiry into the leak. The MPs say he knew the main finding about Mr Brittan's authorisation of the disclosure before the inquiry started. The report says Sir Robert failed to give the clear lead and example which civil servants were entitled to expect.

Mr John Gilbert, a Labour member of the committee, accused him of conducting "a hypocritical charade."

The report is undoubtedly embarrassing to Mrs Thatcher but its impact may be short-lived, partly because the House of Commons starts its nearly three-month summer recess later today and partly because, as many politicians suspect, the British public is not interested in the details.

In the Commons yesterday, Mrs Thatcher strongly defended Sir Robert and other senior officials.

Mr Brittan – who favoured the Fiat-Sikorsky option – made no direct comment yesterday, but Mr Heseltine said he considered himself vindicated in the stance he had taken both in relation to the European solution he had advocated and in the MPs' criticisms of his treatment by the Prime Minster. However, the report says that Mr Heseltine's case was flawed by the lateness of its presentation and disadvantaged by his personal crusade.

A detailed Government response will be made in a few months' time and there will be a full Commons debate in the autumn.

There will, however, be growing parliamentary pressure to split the

Continued on Page 18

MPs call for aerospace council, Page 5; Editorial comment, Page 16; Agusta results, Page 19

US might join Western action against Pretoria

BY TIM DICKSON IN BRUSSELS AND ROBERT MAUTHNER IN LUSAKA

MR George Shultz, the US Secretary of State, yesterday indicated that Washington might consider new measures against South Africa but stressed that any action would have to be co-ordinated with other Western countries.

Mr Shultz reaffirmed his support for the current mission to Southern Africa by Sir Geoffrey Howe, the British Foreign Secretary – "we will be looking eagerly to see what results he achieves" – and he emphasised the importance to the US of co-ordinated future action among its western allies.

In Lusaka, however, President Kenneth Kaunda of Zambia launched another scathing attack on the British Government's policy towards South Africa and its opposition to economic sanctions in particular.

In a characteristically tough opening statement before the start of his second meeting in two weeks with Sir Geoffrey Howe, President Kaunda said: "You people will not be forgiven for encouraging the racists in South Africa."

The Zambian President said he saw a conspiracy between President Ronald Reagan's administration and Mrs Thatcher's government. There was something highly suspicious about President Reagan's ringing condemnation of sanctions on the very day that Sir Geoffrey arrived in South Africa on the second leg of his mission, he suggested.

President Kaunda, who according to officials was much more incisive and less emotional than on the occasion of his last meeting with Sir Geoffrey, compared President Reagan's speech to one made by Lord Wilson the former British prime minister, at the time of the Rhodesian crisis.

In the same way as Lord Wilson had signalled to Mr Ian Smith's regime that Britain would not use force if Rhodesia, now Zimbabwe, declared itself unilaterally independent, President Reagan had signalled to "the racist regime" in Pretoria that they had nothing to fear on the sanctions front.

Mr Shultz, speaking during a live satellite interview beamed to Western Europe and South Africa, defended President Reagan's stand against "punitive" sanctions, but went on to say that the US would "want to talk to our European allies, our friends in Japan and so on, to see to it that if any actions are needed to be taken, they are taken in a co-ordinated way."

A hint that Washington might take tougher measures against South Africa also came yesterday from President Reagan. Asked whether he might consider new sanctions in concert with allies, he replied: "We never close any doors."

The president, on a campaign trip in South Carolina, did not elaborate.

Gloomy prognosis for Howe, Pretoria claims fall in violence, Page 3

Standard Oil takes new $1.4bn pre-tax charge for restructuring

BY WILLIAM HALL IN CLEVELAND

STANDARD OIL, British Petroleum's majority-owned US subsidiary, yesterday announced a second-quarter loss of $681m, after taking a $1.4bn pre-tax charge to cover the restructuring of its business.

The charge, equivalent to $804m after tax, comes only six months after Standard announced a $1.88bn pre-tax write-off and is the most visible sign to date of the house cleaning being undertaken by the new management team which took over at Standard Oil in the spring.

The company said it would maintain its quarterly dividend at 70 cents a share. Although Wall Street had expected further write-offs, the size of the latest charges caught some analysts by surprise and Standard shares fell by $1⅛ to $42 in early trading.

Mr Bob Horton, a former BP managing director who took over as chief executive of Standard Oil 3½ months ago, says that the charges follow a thorough review of the company's assets.

"We are taking these charges now because of the recent changes in corporate strategy and our view of oil prices. These measures are designed to recognise the expected future energy environment. They take into account actions already under way and future plans to make our businesses, and their assets, fit our forward strategy."

The $1.43bn of charges include $410m pre-tax in special exploration expenses for the impairment of leases in the company's oil and gas prospect inventory; a $200m writedown of the Eugene Island and Mississippi Canyon high-cost, short-lived oil and gas producing properties; a $270m writedown of the group's coal properties; and a $460m charge to provide for the expected disposal of other non-petroleum assets.

The company has already announced plans to sell several of its industrial businesses and Wall Street analysts suggested yesterday that Standard might also try to sell its interest in its two smaller copper mines and concentrate its activities on its Bingham Canyon mine, which is the largest in the US and is undergoing extensive modernisation.

Mr Horton said yesterday: "Since Standard Oil took its special charges in December 1985, there have been further reductions in oil prices. At that time oil prices were $25 a barrel. Standard Oil expected medium-term prices to be in the range of $18 to $24 a barrel. Our current expectation is for prices in the medium term to average around $15 a barrel and our actions have prepared the company for this.

Continued on Page 18

Oil company results, Page 19; Lex, Page 18

Developing countries' bank loans fall by $5.2bn

By Peter Montagnon in London

INTERNATIONAL bank lending to developing countries fell in the first quarter of this year with outstanding loans dropping by $5.2bn, according to figures released today by the Bank for International Settlements (BIS) in Basle.

The BIS, which regularly monitors international banking flows, said the drop cancelled out almost half of last year's $11.3bn increase in lending. It left bank loans to developing countries at $353bn.

Bankers believe that the contraction of their lending to developing countries in the early part of this year will be used by the US and other monetary authorities as a propaganda weapon in persuading them to provide billions of dollars in new loans to Mexico as part of its latest International Monetary Fund debt rescue package.

The squeeze on developing country finance caused by a fall-off in commercial bank lending was one of the main motivating factors behind last October's launch by Mr James Baker, US Treasury Secretary, of his plan for easing the debt crisis.

His plan calls for commercial banks to lend an extra $20bn to a selected list of developing countries over the next three years, but the BIS figures show that the market itself is still going in the opposite direction.

Mexico was one of the principal losers of commercial bank finance in the first quarter, with banks cutting their exposure by $1.6bn. Overall lending to Latin America declined by $2.7bn.

The BIS said that the decline in lending to developing countries was one of the main factors behind an overall slowdown in international banking business during the first quarter. Net international bank lending slid to $25bn during the period compared with $45bn in the finale quarter of 1985.

The first three months of this year was also characterised by large withdrawals by Opec countries of their deposits with international banks. These totalled $7bn, with Saudi Arabia pulling $2.3bn and Kuwait $1.9bn out of the international banking system as oil prices declined.

The falling value of the dollar led to a marked shift in banking business in other currencies. West German non-bank entities were largest single group of depositors, adding $9.2bn to their holdings in international banks.

Brazil sceptical of development plan, Mexico "may cut oil exports," Page 4; Mexico seeks bridging loan, Page 18

BOOST FROM NEW CAR MODELS

Ford earnings top $1bn in record quarter

BY TERRY DODSWORTH IN NEW YORK

FORD MOTOR, the second largest car manufacturer in the US, swept to record quarterly earnings in the three months to June as it reaped the benefits of a successful new product programme and continuing reductions in costs.

For the first time Ford's net income for a quarter topped $1bn to reach $1.1bn, about 20 per cent above the company's previous record of $909m set in the second quarter of 1984.

In the US itself, earnings reached $792m, an increase of $181m over the corresponding period last year, while foreign income jumped to $288m from $198m, the best quarterly performance for the company outside its home base since 1980.

Ford's performance was all the more impressive in the light of earnings setbacks at both General Motors and Chrysler, its two main US competitors, which saw their quarterly profits decline by 16 per cent and 18 per cent respectively. Both companies hove been forced to spend more aggressively on promotions than Ford, which currently has the freshest and most popular product range in the country.

The $1.1bn earnings, the equivalent of $4.02 a share, amounted to a 57 per cent increase on the group's net income of $698.7m, or $2.50 a share, in the same period last year, while ssles were up by 25 per cent to $17.3bn from $13.8bn.

In the first six months of the year, Ford earned $1.8bn or $6.72 a share against $1.48bn or $5.30, while sales rose by almost 19 per cent to $32.1bn from $27bn.

Ford's sparkling figures were enough to push the earnings of the big three US car manufacturers ahead of profits in the same period of last year, although the gain amounted to only around 3.5 per cent to $2.54bn against $2.46bn.

Aggregate sales were up by almost 13 per cent to $50.63bn from $44.84bn, and in the first six months of the year rose to $98.13bn from $87.63bn. Net income of the three in the six months fell to $4.69bn from $4.83bn.

Ford's success in the quarter, when it sold 1.673m vehicles worldwide, was built on the outstanding sales record of the Taurus and Mercury Sable models in the US, which have won plaudits from the motor-

Continued on Page 18

Ford opens South Korean branch, Page 4

Rover to sell bus unit, spares stake

BY KENNETH GOODING IN LONDON

BRITAIN'S state-owned Rover Group, formerly BL, is raising at least £41.7m ($62.2m) through the sale of its business and shareholdings in its two spare part distribution companies, Unipart and Leyland Parts, to consortia of management and investment institutions.

Leyland Bus's 2,600 employees were warned yesterday that the deal will be followed by a rationalisation programme involving substantial redundancies throughout all its operations.

Worst hit is the Eastern Coachworks factory which builds bus bodies at Lowestoft on the east coast of England and will close at the end of this year with the loss of all 480 jobs.

Mr Paul Channon, Trade and Industry Secretary, announcing the Rover disposals in the Commons said: "There is substantial overcapacity in the traditional bus industry and some measure of rationalisation would be inevitable under whatever ownership."

"However, the government accepts the view of the Rover Group that the proposals by Leyland Bus management are soundly based and provide a viable bus manufacturing operation."

Mr John Smith, Trade and Industry spokesman for the Labour opposition, condemned the proposed sale of 75 per cent of Unipart, the Rover Group's car spare parts business, as "another case of the government's ideological obsession with selling off profitable parts of the private sector."

Rover had offers for Leyland Bus from three candidates, including the Laird Group, which owns Metro-Cammell Weymann, Leyland Bus's main rival, and the Aveling Barford construction equipment

Continued on Page 18

CONTENTS

EUROPEAN NEWS

Craxi sees end in sight to Italian government crisis

BY ALAN FRIEDMAN IN ROME

MR Bettino Craxi is expected to report this afternoon to Mr Francesco Cossiga, the Italian President, on the initial outcome of his efforts to form a new government. Mr Craxi, the Socialist Party leader who resigned a month ago as prime minister after a parliamentary defeat, is expected to tell President Cossiga that he believes the government crisis can be solved in the next few days.

Mr Craxi, who was asked on Monday evening to try to form a government, is understood to have agreed on Wednesday on the outline of a compromise with the Christian Democrats. The compromise under discussion would allow Mr Craxi to continue as prime minister until next spring, at which point he would be expected to step down and support a Christian Democrat prime minister for the rest of the present parliament, which ends in June 1988.

A mood of cautious optimism continued to grow yesterday in Rome among the five parties of the fallen coalition – the Christian Democrats, Socialists, Republicans, Liberals and Social Democrats. Mr Craxi has already indicated that he is satisfied with this week's political consultations and has said he believes the crisis can soon be resolved.

The leadership of the Socialist Party meets this morning to discuss the draft compromise, and it is expected that the leaders of the five coalition parties will hold a summit on Monday to discuss how to proceed with a new government.

Assuming all goes well at the five-party meeting, the next step would be to decide on how to reconstitute the Rome government. Among the options being mooted are either sending the fallen government back to parliament for a fresh vote of confidence or forming a new one.

Warsaw maintains pressure on dissidents

BY CHRISTOPHER BOBINSKI IN WARSAW

MR Jacek Kuron, a leading Polish dissident, was yesterday summoned for another round of questioning by the authorities. A day earlier, they had decided to bring charges against Mr Bronislaw Geremek, a historian now accused of playing a leading role in Solidarity's underground organisation.

Mr Geremek, who has been told he must not leave Warsaw without the prosecutor's permission, has undergone more than 60 hours of questioning since Mr Zbigniew Bujak, the Warsaw Solidarity leader, was arrested on May 31. Mr Geremek was a key Solidarity figure in 1981 and sioce his release from internment bas ofteo met Western politicians visiting Warsaw to give them an unofficial view of developments.

He lost a research post at the Polish Academy of Sciences after meeting Sir Geoffrey Howe, the British foreign Minister. The charge came on the first day of the country's amnesty, under which more than 15,000 petty criminals and a so far unspecified number of political detainees are to be released.

The continued questioning of Mr Kuron and the move against Mr Geremek suggests the authorities are considering holding a major trial of Solidarity figures along with Mr Bujak who led the movement from the underground for four and a half years. Such a trial would, however, wipe out the propaganda effect of the amnesty both at home and in the West. It would put an end to government bopes of broadening its support by coaxing independent Catholics on to an official advisory council as mooted at the Communist party congress earlier this month.

Court told of Mafia's link with politicians

By Our Rome Correspondent

THE ALLEGED involvement of senior Italian politicians with the Sicilian Mafia was brought up for the first time yesterday at the long-running trial in Palermo of 474 alleged Mafia members.

The family of the late General Carlo Alberto Dalla Chiesa, the special high commissioner against the Mafia who was murdered in Palermo in 1982, yesterday alleged in court that the killing of the General "was the result of a sinister co-operation between certain corrupt politicians and the Mafia." This marks the first time that anyone has alleged in court what is frequently assumed in private.

The Dalla Chiesa family, which is participating in the Palermo trial as a "civil party" or friend of the court, requested in particular that Mr Giulio Andreotti, the veteran Christian Democrat politician, be called to give testimony.

Mr Andreotti's testimony, according to the Dalla Chiesa family's demand, would concern a conversation he had with the late anti-Mafia commissioner on April 5, 1982, just before General Dalla Chiesa departed on his dangerous mission to Sicily.

Other politicians who may be called to testify include Mr Giovanni Spadolini, the leader of Italy's Republican Party, who was prime minister in 1982 when General Dalla Chiesa was sent to Palermo.

The Dalla Chiesa family has also asked the court to hear testimony from Mr Salvo Lima, a veteran Christian Democrat politician in Palermo.

The request includes in addition a demand for testimony from Mr Ralph Jooes, the former US consul-general in Palermo, who is believed to have been one of the last people to have met General Dalla Chiesa in September 1982, when the General and his young wife were machine-gunned to death in their car.

General Dalla Chiesa is generally acknowledged to have done more to investigate the lies between politicians and the Mafia than any of his predecessors or successors. He complained near the end of his life of being increasingly isolated, without the support of Rome or the co-operatioo of local politicians.

Commission scales down research plans

BY PAUL CHEESERIGHT IN BRUSSELS

THE European Commission bas sceled down ambitious plans for tripling EEC research and development spending in the face of demands for more rigour and selectivity from the UK, France and West Germany.

Mr Karl-Heinz Narjes, the commissioner for industry, yesterday announced that he would table at the Community's Council of Ministers a 1987-1991 research programme costing Ecu 7.735bn (£5.18bn) plus a 15 per cent reserve, bringing the total to Ecu 8.89bn (£5.9bn).

The previous Commission plan, including e reserve, covered spending of Ecu 10.3bn. The actual Community programme for 1984-87 bas a budget of Ecu 3.7bn. Whether the new proposals will win universal acceptance will be clearer in September when research ministers again discuss spending plans and the thrust of Community programmes.

Mr Narjes himself is optimistic about acceptace. "Leaving aside budget problems, there shouldn't be any technical problems in getting the programme accepted," he said.

In fact, the objections of the big three Community countries to his previous suggestions were based on both budgetary and technical grounds.

While all in the Community agree that spending is necessary to enhance the innovative and competitive capacity of the Community in the face of the commercial threat from Japan and the US, the big three countries by and large believe that there is no point in just throwing money at the issue.

The UK, France and West Germany have become increasingly stringent in their attitude to Community spending as the budget hits likely revenue limits. Further, they have wanted research and development programmes built up from the bottom: identify a specific problem, see what work is being done on it elsewhere and then plan the Community role.

The key phrase they throw around is "value for money."

Although details of the Commission's latest proposals are not yet available, it is believed that Mr Narjes has moved closer to the position of the big countries. The overall plan retains its stress on improving the competitiveness of industry but contains, according to Mr Narjes, "improved quality control assessment of the programmes."

The main sectors of the Commission's first proposals remain intact—covering, for example, information technology, telecommunications, manufacturing technology, and nuclear fusion. But cuts in planned spending have been made selectively, so that the main element of enhancing competitiveness has been maintained.

Qualifications agreed for doctors in EEC

BY OUR BRUSSELS STAFF

THE European Community programme to make it possible for members of the professions to practice anywhere they wish among the 12 countries moved decisively forward yesterday when new rules were established for doctors.

Trade ministers decided on the level of training required for general practitioners so that from the middle of next decade they will have freedom of movement and the right to establish themselves where they choose.

The measure completes a package, progressively wrapped up over the past decade, covering the rights of establishment for members of the medical profession. Regulations are already in place for dentists, nurses and pharmacists, specifying the level of qualification that may be generally recognised.

At the same time the decision marks the end of a phase in seeking to ensure freedom of practice and establishment for the professions. No longer will the Community attempt to legislate for specific professions, as it did for architects last year. Rather it envisages a general recognition of each other's diplomas.

Two years ago the Commission tabled a proposal, on which discussions are well advanced, saying in effect that qualifications recognised in one country would be recognised in all. This measure would cover, for example, lawyers and accountants.

The ability of professionals to work wherever they like is seen as fundamental to the achievement of a Community without internal barriers by 1992.

The latest measure is essentially an updating. In 1975, mutual recognition of basic medical qualifications was agreed for GPs. But since then training habits and demands have changed.

In the UK, GPs have six years' basic training, but require an extra three years to work in the National Health Service. Belgium, France, West Germany, the Netherlands and Denmark all demand or are about to demand similar extra training.

So, by 1990 all member states will have to introduce an extra two years' training, on top of the basic for GPs, and from 1995 all doctors working in social security systems will need the extra training.

Talks with Comecon proposed

By Tim Dickson in Brussels

THE European Community and Comecon took a step nearer in Brussels yesterday.

Mr Willy De Clercq, the external relations commissioner, said he had written to Mr Viatcheslav Sytchov, secretary general of Comecon, proposing that talks on a closer relationship be held in Geneva in the second half of September.

The EEC has had intermittent negotiations with Comecon since 1977 but relations have been complicated by the Community's insistence that it should be able to enter into bilateral agreements with individual Comecon states.

The latest thaw began in June 1985 with a letter from Mr Sytchov to the Commission expressing willingness to reach a general agreement. This was followed up last September by acceptance of the Brussels' principle of bilateral ties.

Mr De Clercq confirmed the "parallel" approach earlier this year by making individual approaches to Comecon members. The Community has been encouraged by its trade and co-operation agreement with Romania, its trade agreement with Czechoslovakia and the exploratory talks it has been having with Poland and Hungary, and feels that a joint declaration establishing official relations between the two blocs would be a constructive development.

New approach on standards faces first test

BY OUR BRUSSELS STAFF

The European Community's new approach to industrial standardisation should bear its first fruit later this year, when common standards are put in place for pressure vessels and toy safety. This means that instead of the Twelve painstakingly negotiating every technical detail of a standard for a specific product, a simple safety standard will be introduced allowing all products meeting the criterion to circulate freely.

The first tests of this approach are pressure vessels and toy safety, and, yesterday, Mr Alan Clark, the British Trade Minister and presideot of the Community's internal market council, said he hoped to have the legislation in place by Christmas.

Pushing forward the new standards scheme, plus more specific steps on information technology and telecommunications standards are priorities for the six months of the British presidency, he told other trade ministers meeting in Brussels.

Mr Clark is pondering how to stop the council becoming bogged down in the discussion of technical detail.

At the first ministerial meeting under his presidency, matters under discussion earlier in the year were ticked off the agenda of measures to hring aboot a Community without internal trade barriers by 1992.

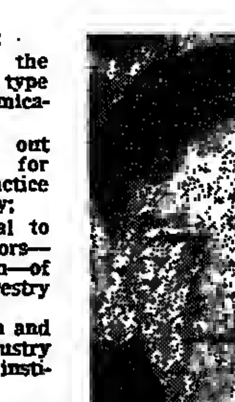
The ministers approved:

● An agreement on the mutual recognition of type approvals for telecommunications terminal equipment;

● A directive setting out standards of training for doctors wanting to practice throughout the Community;

● A five-year-old proposal to standardise panel indicators—for oil levels and so on—of agricultural and forestry tractors;

● A programme to tighten and create links between industry and higher educational institutions.



● Alan Clark (right): legislation by Christmas

Chernobyl's cloud of confusion proves slow to disperse

BY OUR MOSCOW CORRESPONDENT

THREE months after the number 4 reactor at the Chernobyl nuclear power plant exploded into a radioactive ball of fire, the political and economic consequences of the disaster are becoming clearer. But Soviet media accounts of life around the plant remain vague and even contradictory, merely sketching how the accident has touched the lives of those in the disaster zone and far beyond.

No Western reporters have been inside the 30 km zone cleared around the plant after the disaster on April 26 and only a few were allowed a perfunctory glance at conditions for some of the 100,000 evacuees from the northern Ukraine and southern Byelorussia.

Forced to rely on Soviet media accounts of the disaster zone, readers need detective skills to piece together what is happening.

When the Communist party daily newspaper Pravda reported this week on efforts in the Ukraine to rehouse evacuees before winter sets in, it took mental arithmetic and a map to get at the underlying sense of the report. Adding Pravda's figures to statistics from the Government newspaper Izvestia, the reader could deduce that more than 25,000 families were to be given new houses and thus may never return home.

Boiling down reports from the two newspapers in the past week, the reader could also conclude that areas north of the Chernobyl reactor were more affected by radiation than regions to the south, west and east.

After thorough radiation checks and decontamination operations by soldiers working on the clean-up, two villages in the west of the evacuated zone were reoccupied with much fanfare last week.

By contrast, Pravda on Wednesday quoted a Byelorussian civil defence official as saying that radiation was still above normal background levels 45 km north of the reactor.

No one has stated definitely that evacuees will be permanently rehoused or that radiation varies in different areas. The reluctance to be specific seems to stem in part from a desire not to alarm readers unused to reading about domestic disasters. Soviet reporters, trained to be upright marxist-leninists rather than bloodhounds, also apparently find it hard to nail down details.

The status of Pripyat, the town closest to the Chernobyl plant and home for most of its workers, thus also remains unclear. With a reported population of 50,000, the city is now a ghost town, its dozens of high-rise blocks of flats standing eerily empty. One graphic Soviet account spoke of dogs roaming wild in its streets and foxes devouring untended chickens.

Pravda has said that a new township is to be built 45 km south of the reactor for some 10,000 people who will run the power plant after its number 1 and number 2 reactors come back on line in October. But the workers' families will live in Kiev, 130 km south of the reactor, or at Chernigov, 86 km to its east.

Elsewhere in the Ukraine and Byelorussia, more than 53,000 workers toiling two shifts a day are supposed to build 11,250 new cottage-style homes and repair 6,000 more for evacuees to occupy by autumn. Some 200 shops, schools, hospitals and other amenities will add a permanent touch to the new settlements.

The massive mobilisation of labour to cope with the disaster must be disrupting regular production at dozens of enterprises across the country. Izvestia disclosed, for instance, that factories in Petrozavodsk in Karelia, Sverdlovsk in the Urals and Irkutsk in Siberia were making prefabricated parts for new homes in Byelorussia.

The nationwide effort to deal with the disaster probably puts the costs of the accident well above the 2bn roubles ($2.7bn) the Politburo gave for direct damages.

It also carries the psychological impact of the accident far beyond the disaster zone. The politburo says the nation has raised 400m roubles for a national disaster fund. Thousands of holidaying students and other volunteers have been sent to Chernobyl and will carry their accounts back home.

Thousands more soldiers are working on the clean-up, while scientists' skills have been tested in devising ways to measure radiation inside the still-unapproachable ruined reactor, and in designing a concrete coffin in which it should be encased by October.

Hundreds of thousands of children, many with their mothers, have been dispatched from the Ukraine to Black Sea resorts. Muscovites, who at first shied away from these traditional summer spots because of rumours that the seawater was radioactive, now complain they cannot obtain coveted holiday passes to resort sanatoria because Chernobyl evacuees have been sent in their place.

The evacuation scattered families, and more than one report has hinted at frantic searches for lost relatives. In another case, men were said to be deserting jobs in the disaster zone to see their evacuated families in seaside resorts before the authorities organised coaches for regular weekend visits.

The scattering of evacuees as far as Moscow and the Baltic republics will complicate a US-Soviet medical study of some 200,000 people in the area. The plan to monitor these people's health for the rest of their lives should, however, enable future generations to assess what it meant when nuclear power surged beyond human control in the Ukraine.

More leave Ireland

BY HUGH CARNEGY IN DUBLIN

FIGURES published by the Irish Government this week have shown a steep increase in emigration, the labour drain which historically has provided an emotive barometer of Ireland's economy.

Preliminary figures from the national census taken in April showed net outward migration of 75,000 in the five years to the end of April. Most of this occurred in the past two years when net emigration reached 20,000 in 1984-85 and 31,000 in 1985-86.

These figures are still less than those of the late 1950s when emigration reached more than 40,000 a year. But it compares with net immigration in the 1970s and will fuel opposition accusations that the Fine Gael-Labour Government has been happy to allow the outflow to avert further pressure on record unemployment rates.

There was no comment on where those leaving go to.

Simultaneously released were labour force figures which illustrated Ireland's problem of a labour force growing faster than jobs growth, despite emigration. The total labour force declined slightly in 1985 to 1.29m but has grown over 10 years by 142,000. The total at work in 1985 was down by 30,000 over 1984 to 1.07m and the unemployment total was up to 225,000 from 204,000.

FINANCIAL TIMES
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main, Guiolettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1986.
FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

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IMF relaxes austerity plan for Philippines

BY SAMUEL SENOREN IN MANILA

THE International Monetary Fund has relaxed planned austerity measures for the Philippines under the Government of President Corazon Aquino in an attempt to revive an economy which shrank nearly 10 per cent during the past two years.

Philippine officials who are negotiating with an IMF mission in Manila for a standby credit of up to SDR 615m (£492m) said the IMF was generally in agreement with the Aquino Government's plan to expand the money supply as a means of stimulating growth in the economy.

The policy of the Government aims to sustain essential government projects and finance an emergency employment programme to prime up the economy during the second half of 1986 and make a growth rate target of 1.5 per cent possible.

The move to loosen the money supply has pushed up the deficit in the national budget to 27bn pesos (£900m), equivalent to 4 per cent of Gross National Product. The Government has programmed expenditures of 112bn pesos in 1986 against projected revenues of only 85bn pesos.

The IMF mission in Manila is reviewing budgetary estimates, especially projections which include tax revenue expected from repatriation of funds held by Filipinos abroad. Since Mrs Aquino assumed power in February, there has been no indication that such funds were forthcoming chiefly because her Government was still perceived to be unstable.

Yesterday in an address before the Philippine-Australia business conference, Mrs Aquino appealed to the foreign business community for the second time in less than a week to increase their investments in the Philippines.

Monetary officials hope to wind up negotiations with the IMF by late next week when they expect to submit a letter of intent committing the Government to abide with agreed economic targets to be able to secure approval for an 18-month standby programme.

The Philippines hopes to be able to draw on the new credit by next month.

Mahathir unveils team for general elections

BY WONG SULONG IN KUALA LUMPUR

DR MAHATHIR MOHAMAD, the Malaysian Prime Minister yesterday unveiled the line-up of his 13 National Front coalition candidates for the coming general elections. The team is structured to consolidate his authority and to ward off the leadership challenge from his former deputy, Datuk Musa Hitam.

It is widely expected that if the Government fails to win a two thirds majority in the elections on August 3, Datuk Musa would mount a challenge against Dr Mahathir for the presidency of the United Malays National Organisation at the party elections next year.

Many of the government candidates who filed their nomination papers yesterday are known to be loyal to Dr Mahathir, while many of Datuk Musa's allies were dropped or shifted to less sensitive positions.

Among those dropped from the team include Syed Hamid Albar, a banker, who is to challenge Anwar Ibrahim, the Education Minister and a Mahathir protegé, for the Umno youth leadership in September.

The chief ministers of two important states—Johore and Pahang—who are Datuk Musa's supporters were given federal seats to contest. Chief ministers are influential personalities in Umno as they are relied upon to deliver the vote from their respective states in the party elections.

More than 1,000 candidates will contest the 177-seat federal parliament and the legislative assemblies of the 11 West Malaysian states.

Australian inflation blow hits currency

By Emilia Tagaza in Canberra

AUSTRALIA'S worse than expected annual inflation rate of 8.4 per cent for fiscal year 1985-86, announced yesterday, pushed the Australian dollar to yet another record low in the domestic money market.

The government had targeted a rate of just under 8 per cent and Mr Paul Keating, the federal Treasurer, yesterday used the threat of runaway inflation to justify the tight 1986-87 budget expected next month, and to remind Australians of the Government call for austerity.

"The figures underline the absolute requirements for continued restraint by all sectors in the community and the necessity for next month's budget to bring about tight cuts in public sector outlays," he said.

Mr Keating is battling with several cabinet ministers over drastic cuts in welfare spending. He is arguing for reduced pensions and family allowances that would save the government up to A$350m (£147m). The proposed reduction in welfare allocation is part of the total A$2.5bn spending cuts decided for the forthcoming budget and is crucial in reaching the government target of an A$5bn budget deficit in 1986-87.

Several cabinet ministers and Labour Party backbenchers from both the left and right factions have warned Mr Bob Hawke, the prime minister, that the government will face a huge electoral backlash if it goes ahead with the proposals to slash welfare spending.

However, both Mr Hawke and Mr Keating are aware that in order to restore market confidence in the Australian currency and economy, the Government must show resolve.

Other areas that face big cuts are defence, foreign aid, housing and state government spending.

After yesterday's announcement of the inflation rate, the Australian dollar fell to a record low of 60.3 US cents and 95.5 yen before slightly recovering at the end of trading.

The 8.4 per cent inflation rate for 1985-86 is almost double the previous year's rate.

Australia's annual inflation rate is now about three times the average rate of the 24 member countries of the Organisation for Economic Co-operation and Development (OECD).

Israel, Morocco to maintain links

BY ANDREW WHITLEY IN JERUSALEM

ISRAEL AND Morocco have agreed to maintain contact but set no specific timetable for any resumed discussions, a senior Israeli official said yesterday.

On his return to Israel from a secretly arranged two-day visit to Morocco for talks with King Hassan, Prime Minister Shimon Peres said: "In future talks we will search for a joint formulation not just joint approaches."

A joint communique issued simultaneously in Rabat and Jerusalem said that three rounds of talks with King Hassan II had been devoted "essentially" to the study of the Fez plan, which was drawn up in 1982, after an Arab Summit meeting.

The plan called on Israel to withdraw from all occupied territory including East Jerusalem and to permit self-determination for the Palestinian people. For the first time the Arab states also tacitly recognised the existence of the state of Israel.

In a message to Mr Peres, Mr George Shultz, the US Secretary of State, called the visit an important step forward in creating an atmosphere in the region that will foster a broader peace.

Speaking to Moroccans on television on Wednesday night, King Hassan reported that no progress had been possible because Mr Peres had refused to accept the main points of the Fez plan.

Yesterday Mr Uri Savir, a senior Israeli official who participated in the meetings, said that after this point there had been no possibility of agreeing on basic positions.

Israeli officials emphasised, however, that there had never been any question of negotiations during the visit, reportedly prepared with the assistanca of the US. "We are very much encouraged," said Mr Savir, the Prime Minister's media advisor, "our mood is very upbeat."

The fact that a joint communique was agreed is being hailed by Israeli officials as an achievement which had exceeded their expectations.

Israeli commentators regard this breach in the Arab world's rejection of direct talks with Israel as a highly important outcome of the visit.

Reuter adds from Rabat: King Hassan is sending messages to all Arab heads of state with a view to reconvening a long-delayed Arab summit to discuss the results of his talks with Mr Peres, officials said.

Amid hostility to the talks from hardline Arab states lika Syria and Algeria, and more cautious reactions from the moderates, the Palestine Liberation Organisation (PLO) has officially asked the Arab League to convene an urgent summit, tha Palestinian news agency Wafa reported.

EEC MISSION TO SOUTH AFRICA

Howe hears gloomy prognosis

BY ROBERT MAUTHNER AND BERNARD SIMON IN JOHANNESBURG

BRITISH Foreign Secretary Sir Geoffrey Howe was given a gloomy prognosis yesterday of South Africa's short-term economic and political prospects by leading black and white businessmen whom he met on the second day of his European Community mission to South Africa.

The groups which he met in Pretoria and Johannesburg before flying to the Zambian capital of Lusaka stressed the importance of securing the release of imprisoned black leader Mr Nelson Mandela as a first step towards a meaningful dialogue between black and white South Africans.

But white businessmen reiterated their view of the futility of broader economic sanctions against South Africa. Leaders of the white opposition Progressive Federal Party told Sir Geoffrey that any negotiations on South Africa's future should take into account the "large middle ground" of all races in the country.

Sir Geoffrey began the day in Pretoria by meeting a delegation from the National African Federated Chamber of Commerce (Nafcoc), a leading black business group.

He then moved on to Johannesburg for meetings with mining magnate Mr Harry Oppenheimer, a group representing the South Africa-Britain Trade Association (Sabrita), and politicians Mr Colin Eglin, the PFD leader, and veteran anti-apartheid campaigner Mrs Helen Suzman.

Sir Geoffrey had lunch with another group of local businessmen, including the chairman of Anglo American Corporation Mr Gavin Relly, the chief executives of Barclays National Bank and Standard Bank (both of which have large British shareholders), and the chairman of Nedbank and former finance minister Mr Owen Horwood.

During his meeting with Sabrita, Sir Geoffrey said that international pressures for more stringent sanctions will continue to grow unless "tangible and substantial" progress is made towards fundamental political change in South Africa.

Mrs Suzman said after meeting Sir Geoffrey that she hoped tha "common sense" of people in the middle of the political spectrum would influence events over the next few months.

"We have got to grasp every possibility to get people together to negotiate a reasonable and peaceful settlement," she said. Otherwise we will descend into a long confrontation in a siege economy with a military type government on tha one hand and a popular movement, using tactics of violence, on the other."

Mrs Suzman: anxious to avoid siege economy

Nafcoc leaders told the Foreign Secretary that pressure is growing on the organisation to abandon its conditional support for foreign investment in favour of outright opposition.

Pretoria claims decrease in violent incidents

VIOLENCE in South Africa has dropped markedly since the state of emergency was imposed six weeks ago, the government's Bureau for Information, the sole source of information on unrest, said yesterday, writes Bernard Simon from Johannesburg.

The authorities said that the situation in the Kwandebele "homeland," where 32 of the 168 deaths since the start of the emergency has been reported, is being addressed "at high level."

Kwandebele, a small territory north-east of Pretoria, has been rocked by opposition to the nominal independence to be granted by South Africa later this year. Much of the territory's civil service has recently been on strike.

According to the Bureau for Information, the average daily number of "unrest-related incidents" throughout the country in the past six weeks is lower than any similar period in the past 18 months.

The Bureau said that the proportion of deaths caused by security force action has dropped sharply. Seventy-two per cent of deaths since the emergency were imposed were the result of violence among black civilians, compared to 37 per cent in 1985 and 58 per cent in the first five months of this year. However, its figures do not include the substantial number of African National Congress insurgents which the police say they have killed in recent weeks.

Separately, a local labour monitoring group said that 321 elected trade union leaders and officials are known to have been detained since the state of emergency was imposed. It said that more than four-fifths of those imprisoned are linked to the Congress of South African Trade Unions (Cosatu), the largest black union grouping in the country.

Rise in yen leads to layoffs in Japan

By Ian Rodger in Tokyo

HIGH growth and high-tech Jspanese industries are having to lay off staff because of the depressiva effect of the rising yen.

The Hattori Seiko group, known for its Seiko watches and Epson computer printers, announced yesterday that 6,000 workers in its watchmaking factories would go on reduced-time working from next month until the end of year.

The company, the world's largest watch producer, said the move was necessary because of export difficulties. The 6,000 would be invited to take one to three more days off than usual in each of the next fiva months. A spokesman predicted nevertheless that the group's watch production this year would exceed the 67m units made last year.

Aiwa, the consumer electronics group has said it is looking for 700 volunteers from its 3,150 workforce to take early retirement. The company, which is 52 per cent owned by Sony, said it would also be closing one of its threa Japanese factories and would consolidate the manufacture of mini-computers and headphone stereo sets et its plant in Singapore.

It confirmed yesterday that its losses this year might reach Y3.5bn (£15m) compared with a pre-tax profit last year of Y1.1bn. The dividend will be suspended for the first time in 14 yeirs.

Moves like these have alarmed the Government. Mr Kiichi Miyazawa, the new Finance Minister, said this week tha long mooted reflationary supplementary budget in the autumn should total Y3,000bn, doubla the figure predicted by economic forecasters only a few weeks ago.

● Japan Air Lines confirmed yesterday that it has settled with the families of 61 of the 505 victims of the August 1985 jumbo jet crash but it refused to discuss the terms.

The Mainichi Shimbun newspaper has published a schedule of what it claims are offers made by JAL for different categories of victims. It says the highest offers, just undar Y300m, are made for company executives in their 30s. The lowest, Y20m, are for housewives in their 50s.

AMERICAN NEWS

Brazil greets development package with scepticism

BY IVO DAWNAY AND RICHARD FOSTER IN BRASILIA

BRAZIL'S RADICAL development plan was greeted yesterday with some scepticism by industry and Opposition politicians, while the public appeared downright resenetful of the eccompanying fiscal package set to raise some $25bn (£18.8bn) over the next three and a balf years.

The plan was presented in an impassioned speech by President Jose Sarney on national television late on Wednesday. Be made clear that its objective was nothing less than to raise living standards to those of "Mediterranean Europe," project Brazil into the first rank of technology producers and eliminate the "absolute misery" in which one-fifth of the 135m population lives.

"Each day I beve a greater conviction that I will be the last president of an underdeveloped Brazil, overwbelmed by poverty," he said.

The programme creates new savings instruments and a Netional Development Fund (NDF) to finance projects ranging from social welfare, education, and employment schemes to the capitalisetion of the heavy debts of public sector companies.

It is to be financed by a system of "compisory loans" and taxes, whicb should raise an estimated $25bn over the period. The total resources incorporated in the plan, including sums already allocated to development, should reach Cz1,392bn ($100bn).

Explaining these objectives, Mr Dilson Funaro, Finance Minister, eaid action had to be taken to stimulate savings and investment and stifle the inflationary pressure from a consumer boom, which has lifted spending by some 25 per cent over last year.

Mr Funaro calculated that the measures will affect only 10 per cent of bte population, while a dismantling of the price freeze imposed in February's deindexation of the econmy would hit everyone.

"It would be totally selfisb if we were not prepared to save, in order to lift the poorest Brazilian out of abject misery," he said.

Nevertheless, middle-class Brazilians are certain to resent large taxes on foreign travel and a substantial rise int he costs of buying and running cars.

Industry's initial reaction was mixed. While some sectors, such as civil engineering and construction, will clearly benefit, others expressed doubts. Most outraged, inevitably, were tbe car-makers, who warned that the impact of the plan would almost certainly mean job cuts.

The main fund-raising measures are: a new national savings instrument substituting inflationn indexation for a floating rate; a compulsory "loan" charge, reimbursible in 1989, of 30 per cent on new cars down to 10 per cent on secondhand vehicles; loans on gasoline and alcobol car fuels of 28 per cent; tax of 25 per cent on international sea and air tickets, and 25 per cent on dollars purchased for foreign travel, end incentives for foreign investors.

On spending and targets, the main objectives are: food, education, bealth and bousing programmes aimed at supplying free milk to 22m children, building 1.7m bouses and creating schols for 25m; employment schemes creating 1.6m jobs a year, supplementing dole payments and training 18m; a 28 per cent expansion of the railway system; to boost electricity generation by 32.5 per cent to 57,500 MW by 1989, and in oil productioo from 563,000 barrels e day to 780,000 b/d to achieve 90 per cent self-sufficiency; to increase output of essential manufactured goods by 6 per cent annually; to raise agricultural output from 56m to 72m tonnes and irrigate a further 1.8m hectares; to develop high-tech sectors with new capital, plus enhancement of research capability.

Mexico 'might cut oil exports'

BY PAUL BETTS IN PARIS

MEXICO would be prepared to reduce the volume of its oil exports to about 10 per cent to belp stabilise international oil markets if Opec countries reached a specific agreement on oil production quotas, Mr Alfredo del Mazo Gonzalez, the Mexican energy minister, said in Paris yesterday.

Although the country has suggested in the past it would consider cutting oil exports as part of a general co-operation effort to stabilise oil prices, it is the first time that the non-Opec oil producer has put a figure to the reduction it would be ready to make.

Mr del Mazo Gonzalez, who is touring oil producing countries, said that Mexico considered $19-20 a barrel to be a "reasonable" price for oil in the short term. At current prices, Mexico is expected to suffer a $8bn loss of revenues from its oil exports this year, Mr del Mazo Gonzales said Mexican oil exports averaged 1.5m barrels a day this year.

Bowever, the Mexican energy minister said the latest Opec meeting had proved "very disappointing and discouraging." His current tour was to discuss the current oil issues with Opec and non-Opec producers and consumers. Mr del Mazo Gonzales had talks in Norway and Algeria before coming to Paris. He is due to meet Mr Peter Walker, the UK Energy Secretary, and Mr Rilwann Lukman, the Nigerian president of Opec, in London today. He will then visit Canada and the US.

Mexico's non-petroleum exports during the first five months of the year amounted to $3.84bn (£2.6bn), an increase of nearly 29 per cent over the same period last year, according to Mr Jorge Barbara Zetina, president of the National Association of Importers and Exporters.

AP-DJ reports Mr Zetina as saying that agricultural exports were up 42.2 per cent on their levels a year earlier to $890m.

He said the manufacturing sector boosted exports by 25.5 per cent over 1985 levels to $2.63bn.

Nancy Dunne reports on Washington's concern about the cocaine menace

US still failing in the fight against drugs

FOR THE last two decades, American presidents have been declaring war on drugs. They have launched eradication campaigns, pushed for harsher criminal penalties and railed against the "cancer" gnawing at the body politic.

But despite the rhetoric and the expenditure of billions of dollars, drug dealers have continued to thrive and addicts to suffer and die.

Now the use of cocaine and its highly-concentrated derivative, crack, has added a new urgency to anti-drug crusading. The cocaine-related deaths last month of two star athletes—Len Bias, a Maryland basketball player, and Don Rogers, a Cleveland Browns footballer—contributed to a growing sense that drug use has reached epidemic proportions and that cures must be sought on several fronts.

In New York, black church leaders have taken to the street corners with their parishioners, setting up all-night vigils to ward off the dealers. Waging a grassroots campaign against drugs, they are offering 24-hour a day counselling in churches, conducted by ex-addicts, and they have established a direct phone line to the offices of the state's special narcotics prosecutor.

On Capitol Hill last week, hearings were held in both the House of Representatives and the Senate, and the drug epidemic was declared to be more dangerous than terrorism. Young "recovering" addicts talked about how they had been lured from lesser drugs to crack, a cheap, particularly potent form of cocaine, which was said to addict at its first use.

Congressmen called on President Reagan to join his wife in her longtime personal crusade against drugs, and the President said he would, as soon as a new anti-drug strategy had been developed.

It soon became clear that a plan had been in formulation, and the White House would again try to curb supplies. With a presidential directive in band branding narcotics a national security threat, 160 US military personnel moved into Bolivia with Black Hawk helicopters to work with Bolivian police in destroying some of the country's many cocaine factories.

However, the arrival of the helicopters on a US Army C-5A transport aircraft, one of the world's largest, attracted the attention of the Bolivian newspapers. With this advance warning, most of the drug traffickers fled and poor weather hampered the helicopter hunt for processing plants.

The operation was attacked in Bolivia by politicians accusing the Paz Estenssoro government of compromising national sovereignty in allowing US troops to operate in the country. It was criticised in Congress which had not been consulted in advance, as law dictates.

The Administration, undeterred by the Bolivian failure, plans now to turn its attention on Mexico. Six aircraft, piloted by US civilians and hired by the State Department, will try to eradicate the opium poppy fields. The 45-day joint US-Mexican operation is to begin in the autumn.

Drug experts have little faith in such operations, and say they have stemmed no more than 10 per cent of supplies. Drug prevention campaigns aimed at educating the young, may be having more success.

Acording to federal authorities, the use of cocaine—now cheaper than ever—may have peaked five years ago, but 4m-5m still use the drug on a regular basis.

With the rise in addictions, the use of drug tests has spread from the military to the sports world and to the work place. The Drug Enforcement Administration last year estimated that 25 per cent of the largest US companies were screening job applicants or current employees for drug use.

The New York-based Conference Board has estimated that 5bn doses of illegal drugs—including cocaine, marijuana and the so-called "designer" or synthetically produced drugs—are consumed each year for non-medical purposes. Although thousands of companies now have drug treatment programmes, others are worried about drug testing schemes which may invade an employee's right to privacy.

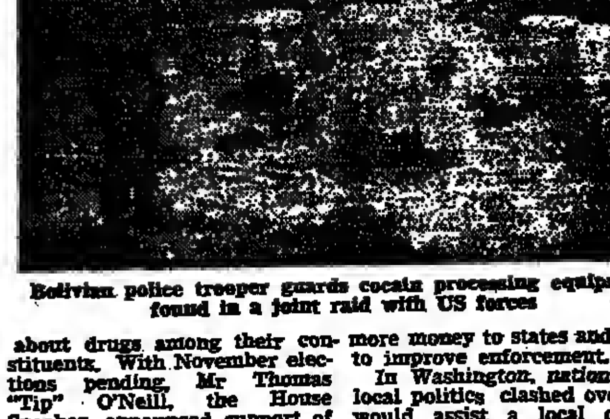
Although no one disputes the devastating effects of drug use, the issue is not without its political implications. During their July 4 recess, house members found heightened concern about drugs among their constituents. With November elections pending, Mr Thomas "Tip" O'Neill, the House Speaker, announced support of a bipartisan move to pass a new drug law with "some teeth in it." The move was endorsed by Republicans, but Congress, like the Administration, has yet to come up with a viable strategy.

There has been no shortage of suggestions from Mr Edward Koch, New York's irrepressible and occasionally hardline mayor. In an article in the New York Times last week Mr Koch called for full use of the military in halting supplies; conditioning foreign aid on drug control in recipient countries; introducing a Federal death penalty for drug whoesalers; establishing special narcotics courts and prisons and giving more money to states and cities to improve enforcement.

In Washington, national and local politics clashed over who would assist a local cocaine user, Vik-Kiv, whose addiction was dramatised in a Washington Post article last month. Mrs Reagan offered her assistance, arranging for all-expenses paid treatment in a drug-abuse programme.

But Vik-Kiv got a better offer and turned Mrs Reagan down. Washington Mayor Marion Barry offered the addict treatment, assistance in paying his bills and the installation of a lift at his home for his paralyzed son.

As this year's elections approach, more such rescues are to be expected, along with slow change at best in a still-thriving industry.



Bolivian police trooper guards cocain processing equipment found in a joint raid with US forces

Reagan pledges drought relief

BY NANCY DUNNE IN WASHINGTON

PRESIDENT Ronald Reagan yesterday wound up a two-day campaign swing through the south, watching bales of hay being unloaded from a cargo plane in Columbia, South Carolina, to aid victims of the long, hot summer which has devastated the South-eastern US.

"The drought is reaching tragic proportions—one of the worst of the century—and I want you to know that our Administration stands ready to help," Mr Reagan told farmers who had come to receive the feed donated by colleagues in the North and Mid-West.

Farmers in the southeast have suffered more than $1bn in damage to crops and livestock in the past five months. Scattered thunderstorms this week brought some relief, breaking the 2½ week heatwave which has claimed more than 45 lives.

The rain was for the most part too little and too late.

Weathermen fear that the temperatures, which have been moderating, will soar again this weekend.

The drought has turned fields of maize, soyabeans and peanuts into parched wastelands all over the southeast, and thousands of farmers may be forced into bankruptcy.

Beleaguered producers, however, have been helped by other farmers, who, while suffering from the hard times, have plenty of spare feed. Shipments of hay for the starving livestock poured in by air, rail and truck, and politicians joined the rescue effort.

At the behest of Republican South Carolina Congressman Carroll Campbell, a candidate for governor, the President ordered air force cargo planes to fly donated hay from Illinois to South Carolina.

Yesterday Mr Richard Lyng, the Agriculture Secretary, called a Press briefing to unveil the department's drought assistance plans.

US 'prepared to delay use of Star Wars system'

PRESIDENT Ronald Reagan is prepared to delay deployment of space-based missile defences for five to seven years if the Soviet Union agrees to expanded testing of the systems in the meantime, according to the New York Times, Reuter reports from New York.

The newspaper reported administration officials as saying the offer was contained in a draft response from Mr Reagan to a letter last month from Mr Mikhail Gorbachev.

The offer would guarantee that the US would contime to adhere for five to seven years to the 1972 Antiballistic Missile Treaty (ABM).

Moscow says the space-based missile defence programme, known as the Strategic Defence Initiative (SDI), will violate the ABM treaty while Washington says it will not.

The Soviet Union has proposed a mutual commitment not to withdraw from the treaty for 15 to 20 years and stricter rules on allowable research, development and testing of new missile defence systems.

The New York Times said Washington would extend the time required to withdraw from the ABM treaty and deploy new defences, if Soviet Union were to allow research, development and testing of the SDI defences.

WORLD TRADE NEWS

W. German Third World investment falls sharply

By Peter Bruce in Bonn

DIRECT investment by West German companies in developing countries is falling sharply, according to the Ministry for Economic Co-operation in Bonn.

Mr Jurgen Warnke, the Minister, warned yesterday that there was now a real concern that the country could be forfeiting a role in what he called markets of the future.

Mr Warnke said that 30 per cent, about DM 2.1bn (£659m) of direct West German investment abroad went to Third World countries in 1983. This fell to 15 per cent in 1984 and slumped again to just 2 per cent of the total last year. He said West German investors appeared to have lost confidence in the economic stability of the developing world.

Bonn's official development aid commitments meanwhile, reached a record DM 8.7bn last year, beating the previous best of DM 7.9bn, reached in 1984. Repayments also reached a new high of DM 1.4bn.

Mr Warnke warned though that a great deal of promised aid was impossible to actually deliver because receiver countries were often incapable of contributing their share towards development programmes. He said DM 14bn had been promised, but not delivered, by Bonn.

Some 47 per cent of West Germany's official aid went to African countries last year, an increase of seven percentage points on 1984, with 32 per cent to Asia, 16 per cent to South America and about 5 per cent to Europe, mainly Turkey.

French credit for Chinese

Societe Generale, the French banking group, has signed an export credit accord with Huaneng Jing Mei of China to finance the purchase of some FFr 4bn (£389m) worth of French rail equipment, Reuter reports from Paris.

The accord is for the purchase of French engines, signal equipment and rails in a new railway project serving the mining region of Shenmu, some 100 kms south-west of Peking, the bank said.

A full breakdown of French suppliers for the new railway line has not yet been agreed. Huaneng Jing Mei is responsible for supervising the railway project.

Frank Gray interviews Sir James Cleminson, new head of the British Overseas Trade Board

Favourable trade winds elude Britain's exporters

A MORE competitive pound, falling energy costs and more favourable rates of interest all should augur well for Sir James Cleminson as he takes over as head of the British Overseas Trade Board.

The only difficulty, as he noted during his first week on the job, is that the good news is not getting through as quickly as he would like to Britain's main trading partners, specifically Western Europe.

Sir James, who succeeded Lord Jellicoe in mid-July as head of the chief trade promotion arm of the British Government, does not expect Britain to match last year's remarkable export performance.

In 1985, the UK logged record exports of £78bn, up 11 per cent in value over 1984 and 8 per cent in volume. More importantly, the rise outstripped the actual growth in overall world trade and marked the first time in decades that Britain actually increased its share of global commerce.

A repeat performance does not appear to be on the cards this year as falling energy costs have yet to translate themselves into an accelerated demand by industrialised countries for more British goods. Exports for the first five months this year stand at £30m.

Sir James believes that this is only a temporary setback, particularly as sterling is more competitive against European currencies this year than in 1985. Europe last year took 58 per cent of all British exports in a year in which sales to developed countries rose by 13 per cent.

Sir James has close personal experience of the effect of exchange rates on export performance. As chairman of Reckitt and Colman, the household products and food group, from 1977 until his retirement last May, he knows what an abnormally highly valued sterling can do to exports.

His company, which has been heavily reliant on exporting for most of its long history, was able to stay in overseas markets but at a high cost to its trade profitability, particularly when the pound reached $2.40 against the dollar during the height of the North Sea oil boom.

Smaller companies with less trade depth did not fare so well, and their slow recovery still weighs heavily on Britain's export performance.

Not all the productivity gains by segments of British industry can be attributed to exchange rates, he stresses. Many companies have boosted productivity by up to 15 per cent, although industry is still under pressure from high wage settlements. Companies should avoid making salary agreements that boost unit production costs, he believes.

"Many companies without productivity increases are making a mistake by following those that have made such gains in yielding to high wage demands," Sir James says. "It is something that we will have to come to grips with for it will weaken the overall export effort."

Sir James's concern about efficiency in trade extends to the operations of the BOTB itself. His three-year term is launched with the understanding that its £27m budget, now being negotiated, will remain more or less intact, at least in real terms. This is a legacy of his predecessor, Lord Jellicoe, who has just been appointed chairman of the BOTB's East European Trade Council.

The Board has also just started an internal study to help small businesses. It is preparing a video presentation to be shown to small companies around the country in the autumn explaining the Board's support services for small entrepreneurs, usually defined as companies with less than 200 employees.

The Board also plans to open a small business centre, probably in Milton Keynes, which will provide a focal point for small exporters in southern England, where some 50 per cent are based.

"A simple sharp rise in UK trade is not enough," says Sir James. "More companies must become involved in the overall export effort."

The Board is launching a three-year computerisation programme that will sharply curtail the paperwork handled by the 950-member organisation and allow exporters to gain faster access to more up-to-date trade information. "It is a programme that will require a lot of work, but it will make us more efficient."

Sir James Cleminson—long-term optimism

Argentina in drive to sell submarines

By Tim Coone in Buenos Aires

SAUDI ARABIA may buy a submarine following President Raul Alfonsin's recent 12-day tour of the Far and Middle East, which took in a 33-hour stopover in Saudi Arabia and two meetings with King Fahd last weekend.

Prince Sultan, the Saudi Defence Minister, is to shortly visit Argentina.

Argentina presently has two TR-1700 diesel-powered submarines built by Thyssen of West Germany and is in the process of constructing four more under licence in Argentina. The first is expected to be completed shortly, and the second is at an advanced stage. Economic austerity plans have led the Government to decide to sell at least two of the submarines.

Approval from the German Government for their sale to third countries, including Saudi Arabia, was given following the visit to Argentina by Dr Manfred Woerner, the West German Defence Minister, at the end of last May, according to the West German embassy in Buenos Aires.

Indonesia is also being considered as another potential buyer for the submarines. Manufacturing work on the TR-1700s is considered "very good" by German engineers attached to the Argentine shipyard.

The price tag for an Argentine built TR-1700 submarine has not been released although it is thought to be in excess of $100m.

Argentine shipyards are also seeking contracts to repair submarines from other Latin American countries, though they face stiff competition from West German yards. A deal with the Columbian navy is thought to be close to completion.

Mr Dante Caputo, the Argentinian Foreign Minister, who accompanied President Alfonsin on his 12 days tour, has now flown on to Bonn where the issue of submarine sales and repaid contracts is expected to be raised.

Argentine-Saudi co-operation in armaments manufacture was also discussed in Jeddah. Argentina has an extensive armaments industry and is seeking to break into the world export market, though sales to the Middle East "will probably have to have the green light from Washington," said a presidential aide.

Ford opens branch in S. Korea

BY STEVEN B. BUTLER IN SEOUL

FORD of the US yesterday announced the opening of a South Korean branch office of Ford International Business Development Inc (FIBD). The office will assist in Ford's worldwide operations by developing sources for automotive components in South Korea and working to identify opportunities for joint ventures and co-operative business relationships with Korean companies.

The announcement in Seoul follows by two weeks Ford's agreement to purchase a 10 per cent $30m equity stake in S. Korea's KIA motors and indicates Ford's intention to broaden substantially its involvement in the Korean industry, which is growing rapidly.

Mr John M. Devine, President of FIBD, said Ford had begun detailed studies that would lead to the sourcing of components in Korea for Ford's worldwide operations. These components would be supplied both from joint ventures which Ford intends to establish in South Korea and from independent Korean suppliers.

Ford entered into a 50/50 joint venture last December with Mando Machinery, Korea's largest independent car component maker, for the production of aluminium radiators for the local market. Production will begin in April 1987.

Ford expects to import between 50,000 and 75,000 KIA-manufactured minicars into the US, which will be marketed as the Ford Festiva, with an engine displacement of 1.3 litres. A pricing decision will be made shortly before the cars go on sale, but Ford intends to compete at the bottom end price category. The car will be significantly smaller than any current Ford product.

Mr Devine said that Ford's purchase of KIA equity was designed to strengthen its traditional relationship with Mazda Motors of Japan, in which Ford holds a 25 per cent equity stake. Mazda has owned 8 per cent of KIA since 1983, and has traditionally been the source for much of KIA's technology. Mazda engineers designed the new Festiva model.

Mr Devine said Ford was satisfied with the relationship between the three companies, and that the direct purchase of KIA equity would strengthen co-operation among them.

Meanwhile, the Korea Development Bank has forecast that vehicle production in Korea this year will increase by 66 per cent to reach 1.137m units, compared with 685,000 units in 1985. Exports are expected to climb from 123,110 units last year, to 292,000 units in 1986, worth some $1.25bn.

The bank projected that vehicle exports would continue to increase steadily to reach 756,000 units in 1990.

● Nissan Motors, Japan's second largest car maker, has reached an agreement "in principle" with Siam Motors, the local distributor of Nissan cars, to produce passenger cars in Thailand for exports, Boonsong Kytyana reports from Bangkok.

The plan, which ultimately calls for production of completely Thai-built passenger cars believed to be under the brand name of Nissan, was unveiled yesterday by Mr Thavorn Phornprapha, Siam Motor's chairman.

The project is the second of its kind planned in Thailand. It comes less than two months after Mitsubishi Corporation announced a similar joint venture plan with Sitthipol Motor and the United Development Motor Industry, the local distributor and assembler of Mitsubishi cars.

Poles to build three power plants in Turkey

By David Barchard in Ankara

ELEKTRIM of Poland is to build three thermal power plants for the Turkish Government, according to an agreement between the two countries published yesterday.

Elektrim will build a 210 MW extension to an existing power plant at Kemerkoy and possibly supply desulphurisation equipment for it as well. It will build also a 60 MW power plant at Karliova in eastern Turkey near Bingol, with a possible second unit of the same size. In addition it is to submit proposals for a turnkey project to build a 210 MW power plant at Golbasi in Adiyaman province in south eastern Turkey, with a coalmine development project included to permit the construction of an eventual second unit.

No details were given of the cost of the deals. The Turkish Government has asked the Poles to consider building at least one of the three plants on the "build-operate-turnover" model favoured by Prime Minister Turgut Ozal, under which the plant is constructed and operated for a limited period on a joint venture basis.

Polish food trader told to halt foreign activities

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH Foreign Trade Ministry has told Interpegro, one of the country's most dynamic foreign trade organisations, to halt its foreign activities at the end of this year.

Interpegro, specialising in fruit and vegetable exports both to the West and Comecon, was established in 1982 under Poland's economic reforms as a joint company owned in the main by the state farming sector.

In contrast to other traditional foreign trade enterprises Interpegro is one of the few Polish trading companies in which the state, represented by the Foreign Trade Minister, does not hold a controlling interest.

Its progress has been observed with hope by reformers, but it has also aroused the enmity of its competitors among the longer-established foreign trade food organisations.

Interpegro is planning to appeal the decision and its shareholders are also moving behind the scenes to get the ban reversed.

The company accounts for around a third of Poland's fruit and vegetable exports and was forecasting a 30 per cent increase in sales to the West this year, to reach $22m (£15m) while hard currency imports were planned to reach $12m.

Interpegro has been engaged in talks with Cadbury-Schweppes, the UK food and drinks group, to start production of soft drinks in Poland and contracts for deliveries of Polish fruit to Schweppes this year are worth $600,000.

The company has also raised $3m abroad in credits for improvements to the food sector and hopes to raise a further $35m to modernise and expand Poland's refrigerated storage facilities.

● A $30m car-engine plant in Indonesia planned by Honda and Prospect Motor will produce 10,000 units in its first year of operation, in line with expected demand, Reuter reports from Indonesia.

Mr Kamal, director of Prospect, said the plant is designed to build 25,000 engines a year and Honda is studying the possibility of exporting to neighbouring countries.

The plant is due on stream in February, and will be the first for sedan cars in Indonesia.

Vickers acquires state-owned tank business

BY DAVID BUCHAN

VICKERS is to buy the Royal Ordnance tank-making factory at Leeds for around £11m, rebuild it at the cost of £14m and use it to manufacture a seventh regiment of Challenger tanks.

This announcement yesterday by Mr George Younger, the Secretary of State for Defence, makes Vickers the sole UK producer of main battle tanks. Mr Younger said the move was made inevitable by the lack of UK orders to keep two tank manufacturers in business and would be justified by the greater competitiveness of the enlarged Vickers tank division in world markets.

The Defence Secretary said the Government still hoped to sell off the remainder of Royal Ordnance (RO), comprising some 15 factories and research establishments, as a whole. Bids would be invited for a private sale, instead of the planned stock market flotstion which was sabandoned last month.

Sir David Plastow, chairman of Vickers, told a press conference that the Leeds acquisition would give his company one of the "strongest portfolios" in armoured fighting vehicles in the world. This would protect long-term employment prospects in the expanded tank division, but he admitted there would be further job losses at Leeds over the next couple of years.

The present workforce at the Leeds factory was 1,400 and would fall by 125 jobs this year, Mr Bryan Basset, chairman of RO, said yesterday. Further redundancies had been planned by RO to bring the workforce down to 1,000 in 1987/88, and Sir David Plastow confirmed the Vickers acquisition would not after avoid those job losses.

Questioned as to bow the creation of a tank-making monopoly squared with the Government's declared policy of stimulating competition in defence procurement, Mr Younger said that while he intended to pursue competitive policies, "the options were very narrow" in the tank sector.

Beyond the latest order of some £100m for 76 more Challenger tanks, the UK ordering programme, be said, was not enough to keep two companies in business. One of the companies would have "gone bust," and he implied that the casualty would not have been the heavily export-oriented Vickers factory at Newcastle.

Sir David Plastow said that his Newcastle factor had four collaborative projects in train with the US, Brazil, China and West Germany, and that the latest Challenger contract would bring the Leeds factory order book to more than £200m worth of work.

Alliance plans to shift tax burden

A SHIFT in the burden of taxation from the lower to the higher paid, and incomes strategy based on a mix of incentives and penalties, together with wide-reaching constitutional reforms are called for in a joint policy document published yesterday by the Liberal-Social Democratic Party Alliance, **Michael Cassell writes.**

Mr David Steel, the Liberal leader, said that the document "Partnership for Progress," the first comprehensive statement of Alliance policy since it was formed, was intended to ensure both parties were "talking the same language". They were proceeding on the assumption that there could be a general election as early as next spring.

□ **BRITISH** Caledonian has been awarded flying rights between Gatwick and Nice by the UK and, subject to French approval, will start next April. At first, it will use BAC One-Eleven jets but will introduce the new Airbus A-320 to the route a year later.

□ **TEXACO** today becomes the third oil company in the UK to offer motorists unleaded petrol following similar moves by BP and Esso last month.

□ **PRIVATISATION** of English Estates, trading arm of the corporation which manages and develops property in the English assisted areas, is no longer on the British Government's agenda, it was confirmed in London.

□ **CONSUMER** spending in the UK rose by 0.4 per cent in the second quarter of this year to a total of £38.5bn, up by 3.2 per cent on the same period last year.

□ **RECORD** arrears of work at British tax offices brought a rebuke for the Inland Revenue from an all-party committee of MPs. "Post over 14 days old totalled some 2.7m items, of which almost 20 per cent represented post over two months old."

□ **FAMINE** aid hero Bob Geldof and millionaire recluse John Paul Getty received honorary knighthoods from the Queen at Buckingham Palace. Mr Geldof wore a £1,000 Savile Row morning suit, a gift from the royal tailors, and the Queen told him: "You look very nice."

□ **PLANS** to ban the transport of radioactive materials by air, proposed by a British parliamentary select committee, were rejected because they would "deprive industry of a very valuable facility."

□ **ANOTHER** Severn bridge linking England and Wales is to be built three miles downriver of the existing one at a cost of about £200m.

MPs suggest new Aerospace Board

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE ESTABLISHMENT of a Ministerial Aerospace Board between the Defence Ministry and the Department of Trade and Industry to achieve closer co-ordination on matters involving the aerospace industry, is suggested by the Commons defence committee, in its separate report on the industrial and defence implications of the Westland affair.

Broadly, the defence committee concludes that Westland's link with United Technologies Corporation (Sikorsky) of the US "seems likely to meet the commercial needs of the company", although it does not commit itself as to the wisdom of the Westland board's commercial judgment.

The committee also broadly concludes that in the long-term such a link is not likely seriously to damage Westland's involvement in major European helicopter programmes, such as EH-101 or a possible joint battlefield helicopter, although it might have some effect on the projected NH-90 multi-role helicopter venture.

Commenting on the idea of a new Ministerial Aerospace Board, the committee says that during last winter's Westland affair, relations between the Ministry of Defence (MoD) and the Department of Trade and Industry (DTI) were often under severe strain, with differences of view arising from different objectives.

The MoD was "extremely concerned to get value for money, the most output from its budget while the DTI was largely concerned "with the wider industrial implications."

Earlier suggestions had emerged from the defence committee, supported by the 1971 Rayner Committee and the Society of British Aerospace Companies, that relations between the MoD and DTI were not as close as they might be, and at that time a Ministerial Aerospace Board to oversee collaboration between those two departments was considered desirable.

But the Government at that time disagreed, and saw no need for such a Board.

The defence committee now reiterates that subsequent eveots have reinforced its earlier views.

The defence committee is much less committal on the overall industrial implications of the Westland affair. Mr Michael Heseltine, Defence Minister, who favoured European collaboration, and the Westland board, which favoured the sale of shares to Uoited Technologies Corporation (Sikorsky) of the US, were both "at least in part correct.

"The associaton with UTC-Sikorsky seems likely to meet the commercial needs of the company," says the committee.

"On the other band, although we believe thet the association with UTC-Sikorsky will in itself cause little damage to Europe belicopter procurement, an association with the European consortium might in the long term have better served the broader defence interests of the UK.

"Whether or not the board was correct in its commercial judgment, it bad the right and the responsibility to make and defend that judgment.

"As directors of a private sector company, the board of Westland had no latitude to override their commercial judgment for coosiderations of national interest.

"The Government as a whole identified no compelling national interest in Westland choosing a European solution."

While accepting that the involvement of UTC-Sikorsky in Westland's affairs "will have a substantial influeoce on Westlann's future strategy," the committee nevertheless believes that such an association will not have any effect, one way or the other, on the possibility of a joint European battlefield helicopter programme.

As to NH-90, the plan for a joint European multi-role helicopter for the 1990s, the committee is again equivocal.

The association between Westland and UTC bas introduced the Black Hawk into Westland's plans, which probably has bad an adverse effect on the practicality of the NH-90 programme.

The Defence Implicatians of the Future of Westland Plc: Third Report from the Commons Defence Committee. Session 1985–86; SO, £6 net.

Lloyd's broker suspended

BY JOHN MOORE

AUTHORITIES OF Lloyd's, the London insurance market, yesterday suspended for six months one of the market's leading insurance brokers, Mr David d'Ambrumenil, after the publication of a Department of Trade and Industry report.

Trade Department inspectors criticised Mr d'Ambrumenil for acting dishonestly in relation to money advanced to International Reporting Information Systems (IRIS), a Washington-based information agency which has failed.

Officials at Lloyd's were examining last night whether further action needs to be taken against Mr d'Ambrumenil using Lloyd's internal procedures.

The report, published yesterday forms part of a wider investigation into the affairs of Minet Holdings, one of the largest British insurance brokers, and the circumstances surrounding the alleged misappropriation of up to £80m from underwriting members' funds by former executives of Minet's PCW Underwriting Agency, Mr Peter Dixon and Mr Peter Cameron-Webb.

Mr d'Ambrumenil, claims the report, knew that Mr Cameron-Webb stood personally to gain from money advanced as an investment in IRIS and the advances were made from Lloyd's members funds. The money should have been repaid to syndicates into which the Lloyd's members were grouped.

Mr d'Ambrumenil, the son of a former chairman of Lloyd's, was also an investor in IRIS, and, according to the inspectors, stood to benefit personally from any financial assistance given to the agency.

Through his lawyers Mr d'Ambrumenil said: "I vehemently deny these findings." He said that the inspectors report was "directly contrary" to the findings of two earlier inquiries carried out at Lloyd's. "The inspectors are both the prosecution and judge and I am advised that there is no right of appeal," be said.

Trade department inspectors have been studying a complex series of transaction between two Lloyd's syndicates under the management of PCW, Seascope Insurance Services, which Mr d'Ambrumenil once headed, Unimar Martine Trade United Inc., based in Panama, and Unimar SAM based in Monaco, the latter two companies controlled by interest of Mr John Nash, a banker.

Mr Nash said last night that he was "dismayed that it should be alleged (by the inspectors) that some of the evidence I gave was untruthful. I strenuously reject this allegation."

Bank sets out new liquidity rules

BY DAVID LASCELLES, BANKING CORRESPONDENT

NEW RULES to ensure that UK banks have sufficient liquidity to meet shortages in the market or cope with funding difficulties are proposed today by the Bank of England in a paper being circulated to banks.

Changes are necessary because of the withdrawal of the so-called club money system as part of the arrangements for the reform of the gilt-edged (Government stocks) market as part of the deregulation of the City of London – the Big Bang – in October.

Under the club money system banks were obliged to hold a certain quantity of high-quality sterling assets with the discount houses, the institutions which make markets in short-term money instruments.

In its place, the Bank proposes to introduce a "primary liquid asset requirement." Banks will have to hold a certain proportion of top quality, readily-liquefiable assets based on a formula which has yet to be decided.

The Bank will introduce a two-tier system. There will be primary liquidity banks – the 11 main commercial banks – who will be obliged to hold their liquid assets directly themselves. Secondary banks will be allowed to hold them either directly or indirectly in the form of deposits with the primary liquidity banks. The same liquidity formula will be applied to all institutions.

Institutions give backing to PEP schemes

BY CLIVE WOLMAN

GOVERNMENT PLANS to promote individual share ownership by granting tax incentives have already been given substantial support by the commitments of many large financial institutions, Mr Nigel Lawson, Chancellor of the Exchequer, said yesterday.

He was speaking to mark the Government's publication of detailed guides for the operation of Personal Equity Plans (PEPs), as the sbare schemes are called. This coincided with an announcement by Lloyds Bank that it is to follow Barclays Bank and set up a service to allow its customers to invest in PEPs wben they start in January. Midland Bank is planning a similar service.

The documents oo PEPs published yesterday give more latitude to plan managers and investors than was originally expected. Mr Lawson emphasised that the structure of the scheme and the detailed rules are designed to involve the individual investor in the minimum administration. In particular, the investor will not need to contract the Inland Revenue at all as the plan managers will be responsible for reclaiming tax.

Another objective of the Government, said Mr Lawson, was to give investors a personal interest and direct stake in UK companies. Thus, although a plan manager will be allowed to select a portfolio of shares for his clients, those clients must be granted full shareholder rights. These include receipt of the report and accounts, voting and attendance at general meetings.

The rules published yesterday were drawn up after extensive consultations with potential plan managers, said Mr Lawson, but be admitted that they left some anomalies and areas of uncertainty unresolved.

Poor order book helps to explain record BS loss

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH Shipbuilders made a record loss in the financial year to March 31 1986, with a four-fold increase to £430m as a result of the poor merchant order book, redundancy costs and a heavy book loss on the sale of the warship yards.

The result, comparing with a £107m loss in the previous year, was announced yesterday in a week which bas also brought favourable news with a £90m Danish ferry order to state-owned BS, whose yards are starting to run out of work.

Mr Phillip Hares, chairman of BS said more orders were boped for in the next few months. One prospect is a contract from China for container ships, although West German yards are also in contention. Ferry orders are also being sought from Europe.

Before taking account of both the warship yard loss and restructuring costs, BS made a trading loss of £137m, double the previous year's figure of £66m. This year, it expects a further trading deficit of at least £50m.

The main item in the record total deficit was the high book loss of £248m on the sale of the warship yards, reflecting the worse outlook for new orders in the face of tighter spending policies by the Ministry of Defence and the resulting decline in fixed-asset values.

BS also made a £46m provision to cover the costs of the 3,500 redundancies and closure of two yards and one engine plant announced in May. It decided on these after pulling in only a tenth of its new merchant ship order target last year.

The accounts were heavily qualified by auditors Arthur Young due to uncertainties on losses on existing contracts, on possible further payments resulting from the dispute between BS and Trafalgar House after the latter's purchase in 1984 of the Scott Lithgow offshore rig yard and on future business.

Mr Hares said BS was now among the most efficient shipbuilders in Europe.

Glint of hope amid the gloom

SHIPBUILDING is a humbled industry, with yards scrambling for work, employees nervous about job security, and Governments eager to rid themselves of the need for heavy subsidies.

For British Shipbuilders (BS) which bas made heavy losses since nationalisation in 1977, the past few years bave been some of the most sobering ever. Its latest figurea show just bow severe the depression bas become.

But bowever freely the red ink has flowed through BS's accounts, it is not in total despair. It announced some £90m worth of orders from Denmark at the start of the week and hopes for more work soon.

Tbus, Mr Phillip Hares, the chairman, bopes that the 1986–87 order target can be acbieved and so keep BS's remaining yards busy. Though there will be less capacity to fill after the closures and redundancies announced in May, BS could not stand a repetition of last year's dismal order inflow.

But with so much financial uncertainty in the over-tonnaged shipping world, BS has also provided £43m to cover any possible payment defaults by customers. Again the accounts were heavily qualified by the cuditors because of the uncertain state of the industry.

Mr Hares, chairman since May in succession to Mr Graham Day, whose total remuneration (salary and performance bonus) was £109,400 in 1985–86, said the provision was made in case some of the customer credit guarantees given by BS were called in.

"Many shipowners are discussing debt restructuring arrangements with their creditors," he pointed out. As part of the financing arrangements on contracts, BS has outstanding guarantees of £129m on loans made to its customers.

"This is the first time we've done anything like this," said Mr Reginald Arnell, the finance director, of the £43m provision. "We hope that most, if not all, can be written back as profit."

Not that BS has hopes of returning to the black for some time, as losses on merchant shipbuilding have become a feature of the whole industry. This year's trading loss is likely to top £50m, added Mr Arnell. "I think it's going to be a bad year this year as well."

The cost of slimming down BS to a level at which it can hope to compete with other yards in Europe – like these, it receives subsidies to narrow the gap with cheaper Far Western yards – is put at around £46m in the accounts, mostly to pay for redundancies.

But it is the £248m loss on sale of the warship yards that pounded BS's finances into the ground. They were sold at the Government's best, raising around £160m, of which £40m is in deferred payments.

Tougher Government policies on competitive tendering and delays in placing orders as it seeks to curb spending growth have worsened prospects for the newly privatised warship yards such as Swan Hunter, Vickers, Cammell Laird and Vosper Thornycroft.

The loss on their sale, said Mr Hares, "represents the market's view of their future prospects and the consequent reduction in the worth of the fixed assets below their book value."

What of the future for BS, which had more than 35,000 people employed on the merchant ship side in 1977, and now has under 10,000?

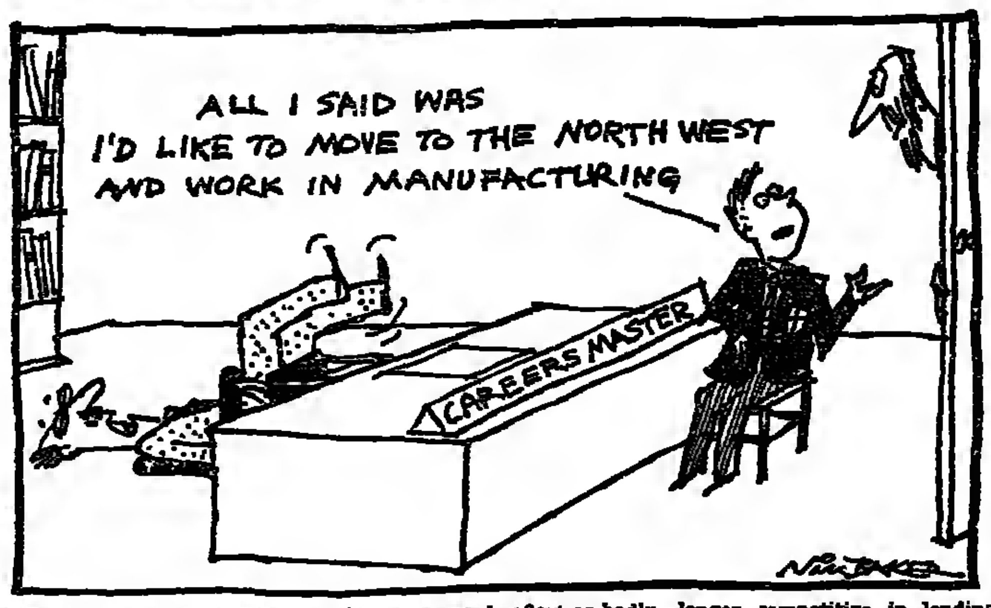
The Danish business will help fill the remaining northeastern yards of Sunderland Shipbuilders and Austin and Pickersgill. Ferguson in Port Glasgow has won a £7m ferry order, while Appledore in Devon landed a £3.5m dredger contract.

That leaves Govan on the Clyde. It is building a North Sea ferry, but needs more work. Rescue could come in the form of container ships for China, or more ferries.

Mr Hares was hopeful that new work would emerge for Govan and that the industry might return to "more normal conditions" by the 1990s. Until then, it will be a hard and often unrewarding slog for managers and workers alike.

Report from the front line

A cry from the old industrial heartland



RECENTLY, the chairman of the Japanese company with which we are fostering technical co-operation visited us. He was shown our new robotic manufacturing cells and was generously approving of the engineering technology. He then looked carefully at the work-in-progress which still surrounds these production units and, no doubt with just-in-time philosophies in mind, murmured gently that perhaps we could make even more progress.

This impeccably mannered chief executive had once trained as a kamikaze pilot, ready to die—as he admitted—for Japan and the Emperor. The success achieved by his organisation suggests that the spirit of the divine wind might also have helped in gaining technical and commercial superiority.

The national servicemen of my day gave dying for King and country a fairly low priority. Nothing seems to have happened since in our national psychology which might have made them change their minds. While we have gained in energetic management and technical and commercial skills, the culture of Japanese organisations still seems frighteningly successful. Yet this is what we must equal or improve upon if we are to compete on a world-wide basis. We must do this by ourselves but it is more and more apparent that the way we vote and what then happens will be crucial to our future.

Like much of what is left of British industry, we are uneasy about matching up to Japanese standards consistently. Even now, after all our efforts, old habits and past failings still return. It was never easy to convert the sybarites of the sales force into true Cromwellians. For example, despite tough controls, new cars are now appearing in the company car park as if they have emerged out of the ground. We listen to strident conversations about adding GL, GTX, GLS or even turbo after the 'vehicles' names.

"Relative deprivation" is one of the more relevant terms used in sociology in Britain. Irrespective of personal pay and privileges, the gains of others cause pain and dissatisfaction, even disaffection. The sight of a Japanese managing director queueing up for his lunch with shop floor workers could be totally right in a British context. We might be better now at walking round the shop floor and talking to people, but we do not even do this as often as we should.

The Government and CBI seem mystified as to why we find it difficult to rise on every occasion to the challenge of worldwide competition by having an appropriate culture. For despite a careful reading of "KAISHA the Japanese corporation,"* in our experience it is the culture which helps or hinders competition. Technology and engineering can be exported easily. Financial controls, which have served us well, are only part of an answer. How can we be competitive, with the kind of elan of the Parachute Regiment, while the rest of the army occasionally competes with each other or goes on indefinite leave?

Perhaps this year's pay round is a useful starting point. The views of our shop stewards on this subject might be paraphrased as follows: "You have told us that the company is now highly successful with a good return on capital employed. Our job sacrifices have helped in this significantly. Look outside, however, and you will find few organisations that have had so many job losses nor many which have improved their performance as much as we have. Yet look at some of the pay rises this year — British Rail, the police, local government manual workers, the DHSS, university lecturers, the teachers — all have had pay increases of over 5 per cent. We know you put 4 per cent in the profit plan and you have convinced us that that is all that the company can afford, but how do we convince the membership of that, when everyone else has had over 5 per cent with job security and an easy life thrown in?"

We settled at just over 5 per cent. It is curious that the Government eschews pay policy in all those areas of the economy where it has direct control, yet is angry with us for not standing up to wage claims which will damage our competitive ability. It is to be hoped that some of the rises we have had to pay will be retrieved by lower than expected raw material prices.

In the north west, industry is now so dabilitated that major increases in jobs and prosperity will only come from a considerable cash allocation by government, but without an associated incomes policy it could do us harm. This combination would help our situation dramatically and it gets our vote in the next election.

Next, how do we cope with low-priced imports? There is the vast illogicality of bright young people in the City being paid twice as much to analyse our performance as we are, who are actually trying to improve it. With their basically immoral earnings they can go out and buy a Hyundai motor car from South Korea where the average hourly rate of pay is £1.75. We have to pay over twice as much to make our products, which no doubt the South Koreans could also make with adequate training and technology. To ensure our survival we will vote for those who will reduce generally malign City influences and introduce selected import controls.

Will we ever take on more people? The local CBI newsletter and Chamber of Commerce digest are full of success stories such as the opening of a new laundrette chain which will generate work for 20 part-time people and a new road haulage unit set up to distribute imported goods faster than its competitors. The continuing horrendous job losses suffered by basic industries are ignored.

We would vote for anyone who will help us to employ more people making products we now have to import. The wages of such people might be subsidised for the time it takes us to establish sufficient production and distribution facilities.

Continuing to destroy major sections of industry while hoping that jobs in financial services or supermarkets will somehow compensate, may go down well in the club house at Wentworth but is lunacy in the North of England.

In his latest dispatch, the finance director of a medium-sized engineering company in north-west England includes a manifesto which he reckons would capture votes among hard-pressed industrialists

How is our management coping with changing our culture? Recently some more of our older managers have retired hurt and early. This has been a continuing process since 1980 but we are now attempting to replace some of them. The potential recruits were not over-educated people from university but down-to-earth practical personnel from the local polytechnic, or so we thought.

When they were interviewed, not one wanted to be a production manager. All opted to be salesmen or even sales managers, though one did consider working in management services. All asked for £1,500 a year more than we consider is the going rate. Yet this is the middle of Industry Year. The views expressed reflect as badly on their tutors as on the potential recruits. We will vote for anyone who forces our educational system, at all levels, into supporting industry and in taking a hard realistic view of the world as it is.

What of our workforce and our culture? We have tried hard to educate it about the company's performance, past, present and future. We are not deluded into believing that everything has now changed. The old trade union bolshie dragon merely sleeps. There is some abstract caring for the unemployed but our past redundancies are like a stone thrown into a pond. They made ripples which have now gone. As far as we can see, union officials care about their members who can pay dues and need looking after.

We would welcome any government initiative to help us to introduce rewards based on total business performance, but not in the form recently announced. That only proved that whoever designed them knew little about manufacturing industry. We would vote for such initiatives if realistically conceived, as well as for much of the recent trade union legislation.

Finally, what of the financial help we need? Recent reductions in inflation were caused more by worldwide events than government action, so inflation could rise again fairly soon. This would not be a disaster if the exchange rate reflects the change. Interest rates, however, are a pain to us and a separate and different banking facility is needed which lends at interest rates competitive with the rest of the world. We will vote for anyone who will have a managed exchange rate and a low interest-loan facility.

If this means that commercial banks as we know them are no longer competitive in lending to us then we would lose little sleep over that. What is needed is obviously a two-tier interest rate structure which will enable manufacturing industry to borrow at rates which are as favourable as those enjoyed by our competitors round the world. A facility similar to that which exists in Japan would be ideal.

Why the British Parachute Regiment is so good compared with the rest of the Army and perhaps all other armies, is that it has set up its own "maroon machine" which is little influenced by outsiders. It can recruit the best people available, it can pay them better than line regiments can and it has a mission which the rest of the army respects and perhaps envies. Compare that with manufacturing industry generally and our own company in particular.

Because of different social, technical and economic structures, it is unlikely that the north will produce many more George Stephensons or a Rolls or a Royce. Hanging on to what industry remains is of paramount importance. While more playing golf among the sales force (with the excuse that it is just doing what our customers expect), can be controlled, fighting the Japanese with one arm tied behind our back is not pleasant. Our vote will go to people who can set up a sympathetic environment.

For those who believe that all we in the north west need to do is to polish our clogs and show American tourists round redundant cotton mills, the retribution should be swift and terrible.

* *Kaisha, the Japanese Corporation, by James C. Abegglen and George Stalk. Basic Books, Harper & Row. £15.95.*

Job-hunting

Something of a revelation

BY HELEN HARRISON

FOR THE past six years I have been living in a remote part of the UK — a Scottish island. Now, back home in the south east of England, I wanted to find a salaried job. Such work as I have combined with the needs of two children and a husband has perforce often been part-time (and frequently unpaid). Now the children are teenagers, I am still under 40, and I know I have plenty of ability and experience, and an honours degree to prove it. Surely I shall find something?

My local job centre did not think it would have anything to interest me, but had I tried PER? I had never even heard of it, but eagerly enrolled and awaited the promised literature through the post. "Professional and Executive Recruitment" sounded just what I wanted.

The paper, published weekly, is called Executive Post, "the executive job-hunters' newspaper." I have now read several issues but have not learnt a great deal. Few posts advertised interested me, and when I did find one the closing date was the day I received the paper. It did, however, advertise job-hunting seminars which would, I was told, equip me with the "necessary techniques" needed in applying for jobs, which is "a very competitive activity. The people who get interviews and job offers are not necessarily the most able from among the applicants." Well, I hoped, this would surely put me right.

I went along full of hope. My first impression should have been expected: how few women there were—seven out of 50 to 60 in the county council committee room where the seminar was being held. And despite the fact that it was ably chaired by a female (dressed carefully and smartly to negate her femininity as much as she could), the tone of the meeting was aimed at its masculine audience.

I wondered if it would have been different if more women had been present? One woman seemed to be accompanying her husband: both redundant at the same time? Taking a wifely interest? Could he have been her moral support?

The first two sessions, "self-analysis" and "market analysis," I thought might have been superfluous. But after listening to the questions and the ways they were put I began to see the need for them. Despite all the talk of drops in salary from £16,000 to £13,000, most of the participants were unable to speak lucidly let alone grammatically.

I began to wonder what they did. It did not seem as if they were professional people as I had imagined they would be. Most of them seemed to be people who had sold spark-plugs for 25 years and now, having been made redundant, had to change their career directions and come to terms with selling air-fresheners instead. And for what seemed to me to be vast salaries.

We were asked about motivation, but although money was put forward, no-one mentioned "interest," or "concern," or "improving life for someone," even if that was only one's self. Perhaps only middle-class housewives consider these things.

I said that our chairwoman had apparently deliberately negated her sexuality in her dress. One man stated transparently that although he had sold products for over 20 years, he had never, now he was redundant, considered that he might have to market himself. Ah, I thought, if he had been brought up as a little girl ... then he would know all about selling himself and packaging himself for the market.

Finally, coffee time, when we all stood up, revealed a large proportion of short men, under 5 ft 5 ins. Was that just chance that Wednesday? Would the proportions of tall men to short (and women to men) be quite different next time? Or is it easier to give someone the push if he is shorter than you are? Do men have to suffer their own type of discrimination too?

Helen Harrison has an honours degree in History and before her sojourn in Scotland, where she taught music and singing, she was a professional musician. Having started her search for a job in March she is now about to take up an administrative position with her local county council where she will be involved in training and recruitment and helping the unemployed to find work.

Carla Rapoport, in Tokyo, reports as Konishiroku steps up its research programme

Rising yen—the mother of invention

AS THE yen continues to appreciate, Japanese companies are spending more money on research and development (R&D). Honda, for example, announced earlier this month that profits had dropped by nearly a third in the first quarter of this year, but R&D spending had gone up by more than 25 per cent in the same period. In other sectors, a similar trend is under way.

Mr Takanori Yoneyama, managing director of Konishiroku Photo, puts it this way: "We have no intention to reduce exports. We can invent new products and new production techniques. A new value system will be created. We do not intend to increase our prices from $100 to $150. We want new products based on the current yen/dollar relationship."

Konishiroku, maker of Konica cameras and U-Bix copiers, might not please many US congressmen with these views, but they reflect a common feeling among Japanese exporters. When trouble hits, the Japanese response is to work harder. No one can say whether this will lead to a roll out of irresistible products or a lot of unnecessary gimmickry. Either way it will be something for Japan's competitor's to watch closely.

Konishiroku is a good example of a company under pressure from the higher yen. Some 50 per cent of its sales are achieved through exports. In the year to last April, pre-tax profits slipped by about 20 per cent. In the current year some brokers are forecasting Konishiroku's pre-tax profits will fall by as much as a further 50 per cent. Meanwhile, R&D spending will increase from around Y17bn ($108m) to Y19bn and capital spending is expected to go up by a larger margin to Y22bn.

The company is focusing its R&D attention on the areas it knows best—photography and copying. This summer it is introducing its colour copier, which effectively combines a colour photo processing minilab with a photocopier. It has also brought out an automatic focusing camera with the capability to take wide-angle and close-up pictures. Minolta has pioneered the auto-focusing camera, however, and it is unlikely to surrender its lead to Konishiroku or any other camera maker in the near future.

The colour copier, Konica Color 7, is a high-priced item, currently costing Y2.5m. The company is aiming at 30,000 units per year worldwide within three years. Salomon Brothers, the US investment bank, in Tokyo, however, forecast sales next year of just 6,000 units. The reproduction quality of the new machine is excellent, as good as a glossy photograph. But until the price is reduced sharply, a mass market for colour copiers looks a long way off. A top model plain paper copier costs only a fraction of the new Konica Color 7.

While Konishiroku is most eager to talk about the colour copier, there are other less showy innovations at the company which deserve attention. One of these is the widening applications for plastic lenses as a replacement for glass lenses. Interestingly, Konishiroku is making more of a name for itself in lenses on the basis of its innovations than it ever did with cameras.

This success has grown out of the company's development of plastic lenses for compact disc (CD) player pick-ups, which Konishiroku supplies to almost every CD player manufacturer in Japan, with the exception of Matsushita.

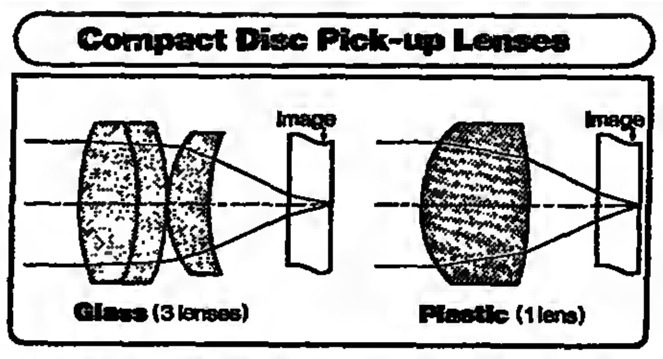
These pick-ups are the equivalent of the record needle, acting as the pick-up for the laser beam which "reads" the disc. Traditionally, as the diagram shows, manufacturers used three glass lenses for this task. Konishiroku's aspherical plastic product allows just one lens to do the job, thus reducing costs significantly.

It is the flexibility, or mouldability, of plastic, that allows it to be made in shapes in which a single glass lens cannot be formed. Not only is the one plastic lens cheaper, but it is also lighter. As a result, tha company is planning to use more plastic lenses in high quality, single lens reflex cameras, where weight is an important factor in marketing.

Konishiroku does not expect plastic lenses to replace glass lenses entirely in single-lens reflex cameras, because glass remains more resistant to heat than plastic. Still, the company is investing heavily in making the new high-precision moulds for plastic lenses. Injection moulding is a one-step process, which eliminates the many polishing steps required by glass lenses.

Alan Bell of Salomon Brothers in Tokyo estimates that sales of Konishiroku's compact disc player lenses will double to 10m units by April of next year, contributing nearly 10 per cent of pre-tax profits. Further, the lens business, the company believes, will continue to develop in many different directions as the optic-communication business grows.

The company has also developed auto-focus lenses for JVC's VHS camcorder, a portable video camera. Lenses are used in imputting and outputting information in optical fibres, says Mr Yoneyama, and in all these areas, consumer electronics and communications, Japanese companies will be aiming to keep their costs down.



Fast food: how to keep track of it

NORAND Data Systems, a US company has introduced into the UK an electronic point of sale system to provide day to day operations and management control for fast food outlets, small supermarket and restaurant chains.

The A-Line system, which has already had some success in the US fast food market, is aimed at giving management up to date information on best selling lines. It will help outlets to adjust menus and prices in response to customer preferences and raw materials costs.

The system gives management information such as staff productivity and time keeping, stock movements, shop throughput and sales details by product and time of day. Several pilot schemes are about to start in the UK within the next three months, says Norand. (0276 685761.)

Individual shops and restaurants in a chain can be linked into a large network. Normand is also a large user of fibre optics to provida a communications system which is immune to electrical interference from the other electronic equipment needed in shops and restaurants.

BRITISH owners of Friesian cattle are being offered n computer dating service which, via a viewdata computer system, can match suitable bulls and cows. Called Pedifax, and run by the British Friesian Cattle Society of Great Britain and Ireland, the system has full information on more than 3m animals.

So far about 3,000 farmers are linked into the service, though there are at least 14,000 owners of Friesian cattle in the UK alone.

RACAL AVIONICS of the UK has launched a navigation computer for helicopters and fixed-wing aircraft. Called RNS252, the new unit from this subsidiary of the Racal electronics group is small, lightweight and combines recent advances in microprocessor and electronic circuit design.

As well as conventional navigation features, the system is capable of storing in its memory up to 100 "way-points" to represent a route map. More details from Racal on 0734 7821548.

THE Philips Research Laboratories in Hamburg, West Germany, has developed computer software for analytical chemists which is based on expert systems technology. Expert systems allow computers to make human-like judgments.

With the software, chemists can study the infrared spectra of substances. Each compound's spectra is unique, rather like a human finger-

WORTH WATCHING

print. The software is intended to simplify and speed up the identification of the chemical constituents of each substance.

Expertise, as the Philip's program is called, is designed to be tolerant of the inevitable measurement errors in chemical analysis. It can take into account discrepancies, rather like a human analyst.

Philips (PO Box 523, 5600 AM Eindhoven, the Netherlands) hopes this research will eventually lead to full automation of the processing of measurement data used in analytical chemistry.

NEW companies offering fast electronic chip production based on customers' own specifications are springing up daily.

One of the latest, Qudos, based at the Science Park in Cambridge, UK, is now offering customers computer aided design (CAD) software which will help faster design of very large scale integrated circuits (vlsi).

Called Quickchip, the system can automatically lay-out gate arrays on the chip in the most efficient way and simulate the operation of the circuit. It is based on Acorn's Olivetti-backed 32 bit Cambridge workstation.

The workstation, associated design and other software costs £7,500, which is low in comparison to the cost of more traditional computer aided design systems.

Qudos was formed only last August to meet the demand of the design and production of low volume, low cost semi-custom microchips.

Ian Hamilton Fazey on moves to improve UK pipelaying techniques

Pushing moles down sewers

BRITAIN is wasting about £150m a year repairing trenches that subside in the streets after being back-filled. Civil engineers at Bradford University have made solving the problem a research theme they hope will bring dramatic improvements to the unglamorous field of repairs and maintenance.

Led by Professor Stuart Littlejohn, the engineers have plumped for four such themes—maintenance, ground improvement, large structures and water engineering—and intend to develop an expertise in them over the next 15 years.

Within this framework, however, they will be undertaking shorter term contracts for the private sector to solve specific problems within each of the main areas. The back-filling project is one, but more important is the study of techniques that will enable increasingly more pipes to be laid underground without trenches heving to be dug at all.

This work is crucial to the renewal of Britain's sewers in particular. It holds out the hope of much more widespread use of a capital intensive technique that will obviate the need for roads to be dug up.

The technique uses a pipeline inserting machine to push and pull a torpedo-shaped mole along an existing pipe, smashing it, and then to jack a slightly narrower pipe along behind the mole before the hole created caves in.

It has been proved on smaller pipes and plastic ones but no one knows how the plastic pipes will perform long-term compared with traditional ceramics, which have a proven record of over a century.

Not surprisingly the Bradford engineers are being partly sponsored in their research by Naylor Brothers Clayware of Barnsley, which is keen to defend market share against polyethylene pipes, and D. J. Ryan and Sons, a Preston contractor specialising in pipeline insertion machines.

The two companies have already put £49,000 into the project and more money is on the way.

The sort of questions that the researchers sre answering are practical, such as how much power is needed to jack a 15-inch diameter pipe through 100 metres of e certain type of ground, or how much force a clayware pipe can withstand.

Prof Littlejohn says that other more fundamental questions concern how the ground is disturbed as the mole goes through it, and at what point it will make the ground heave enough to damage the road ebove or adjacent services buried in it or nearby structures. The mole pulsates along, with progress depending on the right combination of power and frequency for a particular type of ground.

As the diameter of the mole is greater than that of the pipe that follows it, another vital question is whether the space created around the pipe should be filled in. If it is left, there may eventually be subsidence and damage caused above ground. One possibility is to use a slurry with thixotropic properties. Thixotropy is a property where viscosity changes with work. A slurry would act as a liquid while being pumped into the space around the pipe but would harden when in place and undisturbed.

But such slurries are messy and unpopular. Another possibility is being investigated with a small Bradford chemical company, Allied Colloids, which has developed additives that make liquids very slippery and easy to squirt into small spaces, where they stabilise.

The engineers are also studying repair techniques for damaged sewers so that maintenance can be improved and deterioration arrested more easily whare possible.

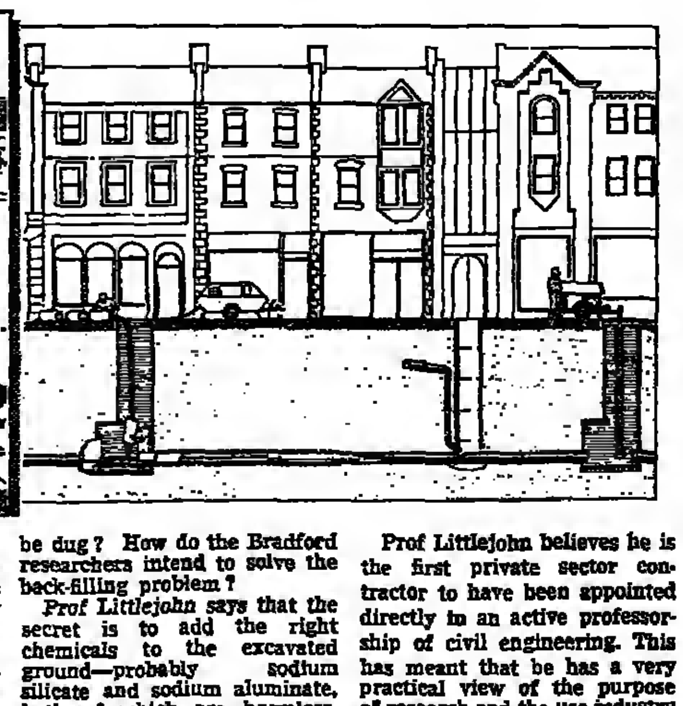
Meanwhile, what if the pipe has to be replaced and for various reasons using a mole and an insertion machine is impossible and trenches have to be dug? How do the Bradford researchers intend to solve the back-filling problem?

Prof Littlejohn says that the secret is to add the right chemicals to the excavated ground—probably sodium silicate and sodium aluminate, both of which are harmless. These should make the ground *incompressible* when it is shovelled back into the trench.

Bradford, then, looks well on the way to becoming a centre of excellence for the study of holes in the ground and how to avoid them.

Prof Littlejohn believes he is the first private sector contractor to have been appointed directly in an active professorship of civil engineering. This has meant that he has a very practical view of the purpose of research and the use industry can make of it. The general approach he has encouraged has so far pulled in £450,000 of research funds in 18 months, which says much about what the Government's funding bodies and tha private sector think about it too.


Pipeline Insertion Machine



FINANCIAL TIMES SURVEY
Friday July 25 1986

Property along the M3/M27

Investors have been slow to move down the M3 motorway to the M27 but prospects are improving as business moves out of town

Parks open for business

By William Cochrane

IF THE M4 corridor is a testing ground for the UK property industry, it is the M3 from London to south Hampshire, and its tributary the M27 from *Southampton to Portsmouth*, which provide the scope for some of the new ideas to be realised.

Perhaps the most topical of these is shown in the rise of Arlington Securities. Arlington is tha concept stock par excellence on the Stock Exchange. It came to the market in May at 15p e share, demanding e substantial premium over net assets (adjusted for the issue) of 44.9p a *share*, for *its* business park expertise.

The offer for sale was heavily oversubscribed and the shares have been as high as 190p this month. The stock market is putting a value on management, the business park concept and a land bank of 514 acres, indicating 7m sq ft of potential development over five to 10 years.

Arlington's business park career began on or near the M4, with the 34-acre *Globe Park* at Marlow, where it found five different ways of developing, attracted major users like Rank Xerox and Saab, and funding from the Post Office pension funds (PosTel).

It continued with the Booker Centre of 11 acres nearby and 29 acres at Newbury *on the* A4 between Swindon and Bristol. But the concept took off in the public mind when the company announced its Solent Park venture, next to *Junction 9* of the M27 near Fareham, between Portsmouth and Southampton.

Solent Park lies within an area of some 800 acres identified for development under the draft Whiteley local plan. In this area, a developer has much more room to spread his wings.

Solent 1, the first phase, covers 144 acres and is anticipated to contain 2m sq ft of buildings. Because the Hampshire County Council is open minded and expansive, the company received an innovative planning consent in 1984 in advance of the edoption of the draft plan. This provided for development of 116 acres as a *business park* permitting any mix of office and prodnction space with ancillary warehousing.

This development anticipated the recent move by the Government altering the Use Classes Order for commercial property, and amalgamating office and light industrial into a general business class.

Arlington already had a financial partner in the Philip Hill Investment Trust. But it *then* arranged a funder in the IBM UK Pensions Trust. In 1984, this was regarded es a coup even though IBM is heavily involved in the county.

Arlington and the *IBM fund* have moved on, to Solent II, involving 46 acres capable of producing another 700,000 sq ft. Arlington and Philip Hill are also partners on 17 ecres of residential development on adjoining land.

Further north another "*star*" development and trading company—London & Edinburgh Trust—is rumoured to have IBM interested as an occupier this time in its *135,000 sq ft Churchill Plaza* office building in Basingstoke.

If south Hampshire has the main business park sites—excepting Arlington's 24 acres at Frimley in Surrey, where PosTel is financial partner—then Basingstoke has been the real office development story over the past 15 years.

The main feature in Basingstoke's growth as a commercial centre since the end of the 1960s has been the promotion and development of the Eastrop business area known locally as Basing View, north east of the town centre.

"It is to this area, with its attractions of high accessibility (by road and rail), large land reserves and on-site infrastructure, that most of the town's large-scale business activities have come," said development consultants Roger Tym & Partners.

Basing View has a number of big occupiers, such as the Automobile Association and Ministry of Defence. It has recently secured another in IBM, which took Gateway One after Wiggins Teape moved next door. IBM had been in the area since 1980.

Roger Tym noted that a high proportion of establishments in Basingstoke are the UK headquarters of national and international companies. Most had relocated to Basingstoke from central London to cut costs and to rationalise and centralise dispersed operations.

One clear advantaga Basingstoke has offered office developers has been large reserves of land (at Eastrop in particular) with few planning hindrances and the offer of secure long leases from the local authority.

"This situation is changing, however," said the consultants' office marketing strategy report on the town. It forecast a slowdown in both the rate and scale of the pattern of office development of the late 1970s and early 1980s.

If the accent is moving awoy from conventional offices it should be said that LET is no slouch in the business park field either. It has received many plaudits for its Waterside Park at Bracknell and out of 1.5m sq ft of forecast business park *construction*, the group has 500,000 sq ft on the M27, 400,000 at Camberley and 200,000 not far off the M3 at Guildford.

Mr John Vail, senior partner of Hampshire agents L. S. Vail, feels that institutional investors have been slow to move in the county, especially in reletion to the recovery in demand for conventional warehouse and industrial accommodation.

However, it was 1981 before *Hampshire recognised its own* deficiencies. In that year the county council saw the Government's defence review threatening the closure of Portsmouth Dockyard and the loss of 6,000 jobs. The council also had the rationalisation of the Southampton dock force to worry about.

It responded by forming the Hampshire Development *Association* which has been very effective in getting things done.

Vail also sees the institutions as reluctant to invest in more conventional urban schemes. But the fact is that they are reluctant in most places outside central London.

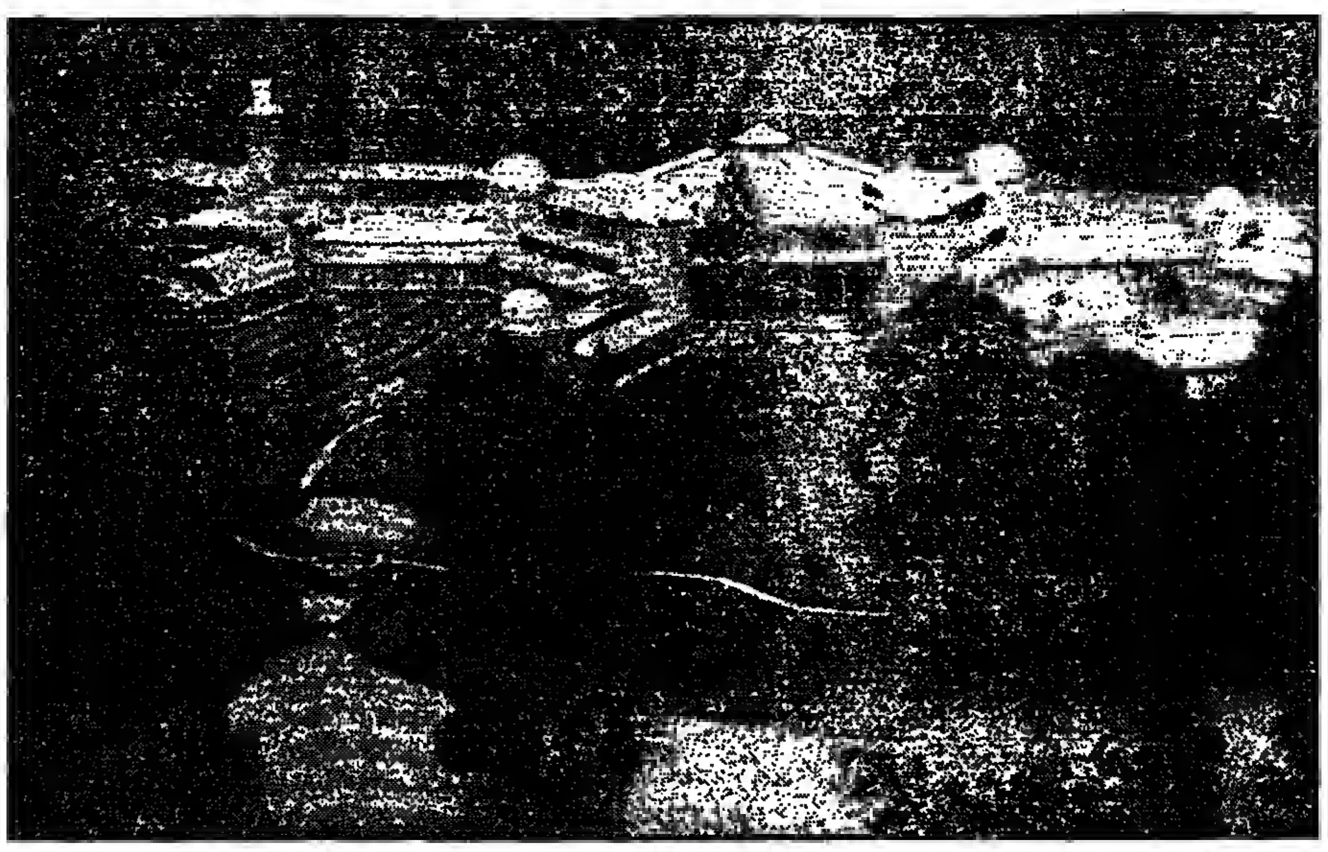
They perceive the particular problem of office obsolescence—which, as one developer has said, may be more of a threat to those schemes which were thrown up in the 1960s and *1970s. The institutions* also get whether if tenants can get quasi-office space out of towns with car parking, and at reasonable rentals, will they be keen to take urban space?

As Mr Vail puts it, the institutions may be suffering from "fear of dilution" of the office market.

Mr Vail has no such doubts. "In south Hampshire, we see strong prospects for growth in office rentals now that the hefty *over-supply has been largely* absorbed, and primarily owing to funding difficulties there is little development in the pipeline," he says.

Shopping in the M3/M27 nexus is as beset with growing pains as it is elsewhere. Although Vails have experienced funding difficulties with what they describe as "some of the more innovative and exciting smaller developments," new shopping proposals abound.

"The mega-scheme recently announced by the Marker Mill Trust at Nursling and the retail warehousing proposals straddling the M3 and M27 must inevitably threaten the credibility of existing town centres and of numerous schemes for inner city shopping expansion," Mr Vail *concludes*.



Breath of fresh oxygen

THE green fields of Surrey and Hampshire are a strong magnet for companies which find it difficult to attract staff and work efficiently in the distractions of London. Some are satisfied with business parks along the M3 and M27, with the double advantage of pleasant landscaping but easy access to airports and cities. Others like BOC (top left) plump for campus developments.

Planning restrictions mean these have to be built to high standards, although most companies are seeking impressive headquarters premises anyway, which means they tend to carry out their own schemes rather than take speculative developments.

At the same time, buildings have to accommodate the latest technology, which can lead to the fine balance between tradition and state-of-the-art design of the new BOC headquarters at Windlesham, just off the M3 in Surrey.

The 92,500 sq ft complex covers only 10 acres of a 50-acre woodland site and is laid out as a central hub with radiating wings in hexagonal patterns connected by high-level walkways.

Architects GMW achieved modern space standards by putting the structural supporters in external steel tubes, leaving the insides column-free. Tradition was followed by using brickwork similar to that in the old village.

Technology has pushed out tradition almost completely in the sort of speculative building put up by architect Ian King and quantity surveyors Gardiner Theobald at Basingstoke for Heron High-Tech (below left). Almost everything has been prefabricated off-site and fitted together like Meccano to speed development.

David Lawson

M3 Offices

Planning constraints build up pressures

TRADITIONALLY, Surrey has the most restrictive policies of all the counties along the M3. In Chertsey and Egham, for example, decent office schemes are virtually guaranteed success, but planning policies allow for only a few very small developments.

However, one problem which has beset development in the past, local user restrictions, has been largely abandoned.

Hampshire is also going through a period of restraint. The 1980 structure plan allocations for major new office development between 1976 and 1989 have already been exceeded in many towns in the north-east of the county. The new limits in the first alteration of the plan covering a period to 1991, are rapidly being approached.

The structure plan allocation for Basingstoke, for example, of 125,000 sq metres was reached in 1982-83, and existing consents and "soft" commitments already exceed the extra 33,000 sq metres in the first alteration. Similar situations are occurring in Farnborough and Fleet.

While planning continues to restrict the amount of new office development, shortages are beginning to occur and rents are starting to rise. Levels range from £16 a sq ft plus in Sunbury and the M25 towns, through £13 to £15 in Farnborough to £11 to £13 in Basingstoke, says Mr Howard Woollaston of agents Knight Frank and Rutley.

Market rumours suggest that the two largest available buildings in the M3 corridor have now been spoken for. Certainly, the tale that IBM will take London and Edinburgh Trust's Churchill Plaza in Basingstoka persists, although Mr Andrew Newman of agents L. S. Vail, insists that the building remains available.

Meanwhile, it is understood that the Post Office is about to sign up for 50,000 sq ft in County and District's 89,000 sq ft Concept 2000 in Farnborough. The letting should provide evidence of a new rental level at the asking price of £13 to £13.50 a sq ft, which should give impetus to a new round of development.

There are a number of schemes in the pipeline which will feel more comfortable with Concept 2000 out of the way. The Cody Centre next to Farnborough railway station, for example, where Rummall and Condor is hoping to develop 85,000 sq ft. However, if both lettings do go through the options for a major occupier along the M3 become very limited.

At the other end of the scale, there is a shortage of small "own-front-door" schemes. With little competition around, Five Oaks' Point 4 in Camberley comprising four 2,500 sq ft units for sale or to let should do well.

There are local exceptions to these shortages. For instance, "too much too quickly" is the description of tha Camberley office market by Mr Ken Williams of Pearson Williams.

A couple of good deals at the beginning of the 1980s led to a rush of development in the town. According to Mr Graham Piercy, of Richard Ellis, there is as much as 100,000 sq ft of new standing office space available in the town, mostly in the 20,000 to 40,000 sq ft size range.

In Woking, high availability figures are distorted by Oldham Estates' 225,000 sq ft Duke's Court.

"In the last year Woking has had the largest take up in the home counties," says Mr Greg Cooke of Weatharall Green and Smith. The rate of lettings is continuing in spite of two recent near-misses, where British Telecom withdrew from a deal on Norwich Union's 90,000 sq ft Olympic House and EFPTO's from Crest Estates' 45,000 sq ft Nicholson 45 building.

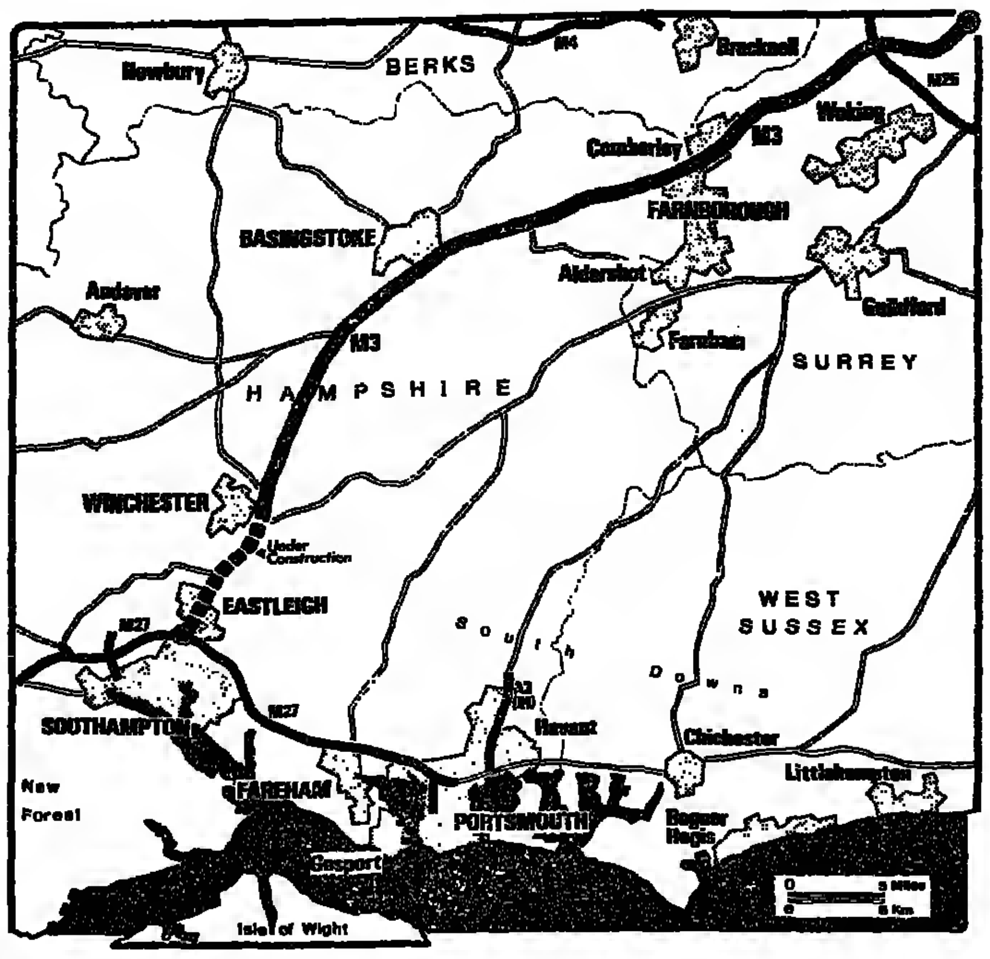
Indicative of increasing demand are three recent lettings: Merchant Investors' 30,000 sq ft Meirion House; St Hubert Properties and Strathclyde Pension Fund's 21,600 sq ft Goldvall House; and the 24,000 sq ft Cornerstone.

Although facing an acute shortage of larger schemes, Basingstoke is on the verge of an oversupply in the size ranga between 10,000 and 25,000 sq ft. Seven such schemes are on the market.

Quality is tha name of the game along the M3. According to Mr Nigel Wadham of Messenger May & Baverstock, tenants from the technology-based industries which dominate the M3 office market are looking for high specification buildings with a strong identity and lots of parking.

Anything less will stick. Such schemes include Ashwood House in Camberley, which has much to commend it but which as part of a town centre multi-storey car park lacks individuality. The property has been on the market for more than three years.

Linda Welch



Martin Lange, chairman, Marlborough Property

M3 Industry

Development pace rises as high-tech takes off

DEVELOPMENT along the M3 has been steady but unremarkable when compared with the flurry of activity along the M4, says Mr Martin Lange, chairman of *Marlborough Property Holdings*.

This is perhaps surprising when you consider the M3's high-technology history, with the Royal Air Force base at Farnborough and companies such as Marconi and Racal traditionally connected with the area.

However, the pace is picking up and as Mr Lange says "everything seems to point towards the M3 becoming very active in the high-tech field."

Development has largely concentrated on areas with a traditional industrial base such as Sunbury, Camberley / Farnborough and Basingstoke.

The pride of Sunbury's high-tech development is Flaxyard's Sunbury One, funded by the Universities' Superannuation Fund. The 60,000 sq ft building was completed earlier this year and according to Mr Peter Mantle of Jones Lang Wootton a letting is not far off.

If the asking rent of £600,000 a year is achieved it will break the £10 a sq ft barrier and set a new record in Sunbury.

The building, designed for flexibility, comprises about 38 per cent offices, but this could be increased to 50 per cent—a move the planners would oppose. The Government's proposed relaxation of the use classes order restrictions would allow the expansion.

There has been surprisingly little development in the Sunbury area in the past, although its location between Heathrow and central London and close to the M3 and M25 ensure that this will not be so for much longer.

Other schemes in the area include Suntech 308, George Dew's 50,000 sq ft scheme in Ashford, and Sunrise 1 and the Sunbury Cross Business Centre, tha latest two phases of Sheraton Securities's development.

Three big schemes are setting the pace in the Camberley/Farnborough area. In Southwood, two phases totalling *200,000 sq ft* of MMI's 55-acre Summit Centre are complete. The 18 units are letting fairly well, although local agents feel the scheme suffers from its poor location.

The first real high-tech scheme in the area, according to Mr *Nigel Wadham* of Messenger May and Baverstock, is Arlington Securities' Frimley Business Park. The 48,000 sq ft first phase of this 26-acre scheme is due for completion in January 1987.

London and Metropolitan's 33-acre Watchmoor Park site in Camberley has planning consent for a total of 420,000 sq ft. The schema was to have been developed for a singla user, but the deal fell through.

Meanwhile, just north of Fleet at Ancells Farm, Trafalgar House has obtained planning consent for a 21-acre business park.

The most successful high-tech scheme in Basingstoke is Royal Insurance and Sherfield Investments' Intec. All 125,000 sq ft of high-tech accommodation in the 200,000 sq ft schema has been let at rents of about £7.50 a sq ft.

However, 13 or 14 high-tech schemes trying to emulate Intec's success are coming on stream—too many for them all to be successful.

Just to the east of Basingstoke close to junction 5 of the motorway, Crest Estates has an 18-acre high-tech site where it is looking for pre-lets in the light of the oversupply. It is also considering design-and-build packages or buyers for parts of the site.

Restrictive planning in the Surrey towns of Woking and Guildford has permitted relatively little new development. Schemes that have been able to get through such as London and Metropolitan's Woking Business Park, Surrey University Research Park and Guildborne Developments' 70,000 sq ft Broadwater Park have been very successful.

Mr Richard Storey of Richard Ellis points out that most lettings have been to companies already in the area.

Prices paid for high-tech sites along both the M3 have whetted landowners' appetities. In Sunbury and the M3/M25 towns, for example, good sites regularly sell for £750,000 an acre.

At these prices conventional industrial sheds or warehouse development is no longer profitable and as a result there is an acute shortage. A survey of availability by Pearson Williams and L. S. Vail, recorded no standard modern units in Camberley, while Farnham, Farnborough and Frimley had less than 5,000 sq ft of such space between them.

One consequence of this undersupply has been a dramatic increase in rents. At Marlborough Property Holdings' Albany Park scheme in Frimley, for example, lettings at £3.50 a sq ft two years ago are now realising more than £5.50 a sq ft.

Linda Welch

M3/M27 Funding

Optimism seeps further south

THE FUNDS are taking a more optimistic view of development along the M3/M27. North Hampshire, Berkshire, and Surrey have taken the prime role but some managers believe the potential in south Hampshire has become brighter.

Royal London's Mr Rodney Pollard says market conditions held back investment, but poor communications were also a big problem. This has all changed with the M27 linking Southampton and Portsmouth and the final section of the M3 between Winchester and Southampton opening in 1989 to complete the London link.

Mr Pollard feels that the area has everything going for it with a good environment and a leading university in Southampton involved in high-tech research.

The Solent Business Park is cited by more than one manager as evidence of renewed confidence by funds in the area. *Harbour Properties, an arm of* IBM Pensions, is developing with Arlington Securities what could be the largest and most sophisticated business park in southern England.

The Post Office and British Telecom pensions manager PosTel is Arlington's partner at Frimley Business Park, another large scheme, on junction 4 of the M3.

Mr Fred Reeder, PosTel director, says institutional investors have tended to favour the M25 "*Golden Triangle*" over the past few years. But he sees the funds being attracted back to the M3 and south coast now that rents have risen, demand is increasing and conventional industrial space and office accommodation is in short supply.

The interest of the funds must be set against a background of the lacklustre performance of property in relation to the equity market which has persuaded many to reduce the percentage of their investment in bricks and mortar. Forward funding and sale of investments have proved to be increasingly difficult. There has been an upward adjustment in yields, which has raised site values.

But agents L. S. Vail point out that oversupply of modern property is being eaten away in the south, interest rates have eased and tenant demand is strong.

In these circumstances, according to Mr John Vail, it is surprising that the funding institutions have not moved more strongly back into the area, particularly in conventional industrial and warehousing investment, where there is now a shortage of space.

In the office sector, the period of uncertainty will be accentuated by the recently announced intention to ease the Use Class restrictions in the office and industrial categories.

In Hampshire, with its greatly improved communications, the planners have identified a number of mixed campus sites. Fears that they will attract tenants from town centres may be deterring funding institutions from more conventional urban schemes.

But there is still a strong demand for both options, and well-designed town centre schemes with good parking should outperform the campus alternatives, say Vail.

At any time, there are windows in the property market. In South Hampshire there are now strong prospects for growth in office rentals; the hefty over-supply has been largely absorbed and, primarily owing to funding difficulties, there is little in the pipeline.

Schemes of up to 20,000 sq ft have proved less of a problem to finance, but when lot sizes exceed £2m in provincial centres, conventional funding is frequently unobtainable. Yet on the letting front there are many strong current enquiries for buildings of between 30,000 and 100,000 sq ft.

Ivor Dunn

M3 Retail

Spending power throws up certain winners

THE M3 links some of the most attractive and expensive residential locations in the south-east and the spending power of these towns ensures a booming retail sector.

Town centre developments and refurbishments are more than matched by proposals for out-of-town schemes. However, planners are resisting the out-of-town trend in an attempt to protect town centres.

The largest proposal is the 1m sq ft shopping centre proposed in Hook, Surrey, by London & Edinburgh Trust with the backing of retailers including Tesco and Marks and Spencer.

But it is contrary to both local planning policies and tha Surrey structuring plan, so the scheme faces a hard planning battle.

Two schemes for an 86,000 sq ft food superstore and a 250,000 sq ft shopping centre have been proposed for tha same site by L. W. Holdaway, owners of some of the land. Tha move could be seen—in spite of details—as an attempt to improve its bargaining position.

Another LET proposal is for a *200,000 sq ft retail park* in Guildford which is now the subject of an appeal. Pre-lets to MFI and Texas have been agreed. However, the company has now put in a second application for the 14.5 acre sita, this time for 300,000 sq ft of high-tech space. If accepted, LET may abandon the retail scheme.

Also in Guildford Arundell House has made an outline application for retail development on the seven-acre Ladymead site to include a Sainsbury Homebase.

Town centre retail schemes in the M3 corridor are almost inevitable winners.

The Arundell House Lion & Lamb shopping centre in Farnham has all but one of the 12 units let or under offer to retailers such as Country Casuals, Jaeger, Laura Ashley and Christia's *Fine Art*.

Ratail development in Farnham will continue on two sites: Borelli Yard, where Arundell House will develop three units plus offices; and Castle Street, where plans for 15,500 sq ft are being delayed by disagreements between landowners.

Guildford's £23m White Lion Walk, developed by Clayform and Tarmac Properties and Crowngap, and Royal Lifa's smaller scheme in North Street are both fully let.

Meanwhile, Royal Life and Crowngap are busy again with an £11m development in Staines. The scheme, due for completion in late 1987, comprises 30,000 sq ft of shopping.

Existing shopping centre owners are also keen to cash in on the retail boom. Norwich Union, has plans to refurbish Woking's shopping centre. The scheme has been favourably received, although the resiting of the war memorial is proving a sensitive issue.

The Prudential is also considering the refurbishment of its centre in Basingstoke.

Linda Welch

M27 Markets

Wave of spending on business and leisure

WHILE HAMPSHIRE was giving Surrey a beating on the pleasant county cricket ground at Basingstoke, a group of property men were paying some attention to the strokeplay, but more to the bubbling prospects of being in a booming area.

The area bounded by Portsmouth, Winchester and Southampton is the focus of much attention. Its stimulus has been the building of the M27 and this will be improved again when the final link which will cut out the Winchester by-pass and join the M3 to the M27 is completed, probably in about 1990-91. Nor is it just talk; people are putting up money.

The Hampshire Development Agency, which has made property advice the cornerstone of its service, points to 28 business parks being built along the M27. Five marinas with associated commercial and leisure developments are being built to ease pressure on available berths for yachtsmen flocking to the popular and to provide both a focus for tourism and a source of new jobs.

"Many people have said that the upward push in rents and values cannot continue," says Mr Godfrey Winterson of estate agents Fox & Sons. "In fact we are following London trends, and that push far from running out of steam, is only just beginning."

In Southampton the university is going ahead with the phase of its research park in the grounds of Chilworth Manor, with the second phase likely to be twice the size of the first. And although the Freeport suffered from a slow start, it is set to move into phase two and to take a more relaxed view of the mix between manufacturing and warehousing.

In Portsmouth, which has also seen a shake-out of dockyard jobs as the Royal Navy cuts back, but which has compensated a little by grabbing the cross-channel ferry traffic from Southampton, they have benefited from taking the crucial early decision to build a spur from the M27 into the middle of the city.

The ferryport is bursting at the seams and the endorsement implied by the original choice and expansion of companies like IBM, Plessey and Marconi, GEC, Racal, Thorn-EMI and Ferranti although clearly defence-related, have not only brought prestige to Portsmouth but the basis of another hi-tech corridor.

In its latest survey of the market conditions and the stock of available industrial and warehouse buildings in Hampshire, estate agents L. S. Vail report that, in the last two years, there has been a strong surge in demand, a modest revival in the rate of new building, and an increase in market turnover. There are, however, wide fluctuations within individual districts with, in some areas the available floor space doubling and in others halving.

Overall the number of available units has fallen from 627 to 529, "an indication that the small and medium-sized units have been letting at a faster rate than larger units and there is now a shortage of small accommodation." At the same time there had been an increase in the demand for freehold property and in the number of units being constructed by companies for their own occupation.

"There is an urgent need for speculative developments of good quality, providing a wide range of unit sizes throughout the country. Institutional investors have concentrated their interests in the high technology sector and there are a number of major developments of this kind, but they have neglected the conventional sector. The growing shortage will lead to a surge in rents."

The whole picture represents not just what many would see to be the ideal pattern for the future development of the economy and jobs. It provides a quality of jobs and a means of cash generation in the last few years of this century which many have concluded is the best way forward.

In Portsmouth the survey finds that only 30 per cent of large units left the books last large ones unlet for four year, that the only units available in Winchester are four years and that in Southampton large units are "particularly slow moving."

Doubtless there will be some of the seedcorn which will not eventually grow and bear fruit, but the old reliance on a small number of large employers has gone, the trend towards automation and computerisation, in any case, will mean more small to medium-sized companies and it is this area that industry and commerce, and the property they occupy that is so strong in southern Hampshire.

Then there is leisure and tourism. With the New Forest on one side and the Solent accessible from almost anywhere and the environment a major factor in companies choosing either to locate or expand there, it needed only a little vision and stimulus to encourage developers to grasp the opportunities. Add to that the decision by Southampton City Council to make tourism one of the major planks in its platform for economic revival and the hypothetical became inevitable.

Portsmouth already had its resort town of Southsea, and Winchester is a tourist attraction in its own right. But Southampton had long been seen as a rather derelict port town. Now it has seen the development of Shamrock Quay by Dean & Dyball turn itself into a success, at every turn attention is drawn to the Ocean Village and Town Quay developments, and on the ferry to the Isle of Wight it is possible to see Hythe Marina Village, standing proudly and picturesquely on the western side of Southampton Water.

As John Dean explains, it was clear that the area was ripe for development, it was just a question of putting the components together and taking the plunge. Most important was the revised policy of Associated British Ports in allowing dockside sites to be released for redevelopment for non-docking activities.

For years there has been considerable pressure for yacht moorings in the Solent area, but operators have been hard-pressed to make expensive boat parks pay.

"You need the mixture of housing, commercial development and the provision of berths to share the costs of the infrastructure and so stand a chance of making the whole thing commercially viable," he says.

Mr Alan Whitehead, leader of Southampton's labour-controlled city council, finds the moves compatible with his wishes to see the fortunes of Southampton improve. Like many cities, there had been a tendency for developments to move to the suburbs, but the council wanted to keep the city centre alive and attractive to a residential community.

"We do not want the dough-nut effect of out-of-town retailing leaving a hole in the middle and stodge on the outside," he says. And he has been happy to see developers move in as long as they accept some conditions which allow public access and include facilities available to the whole community.

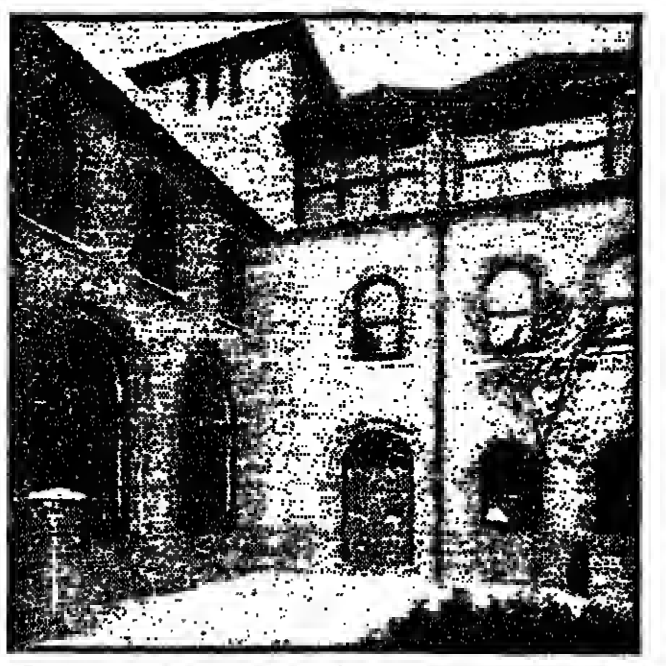
There is already a string of superstores just off the M27, including MFI and B & Q which, according to Fox & Sons, cannot obtain large enough units in the existing high streets and are deserting "in droves" to green-field sites or out-of-town locations.

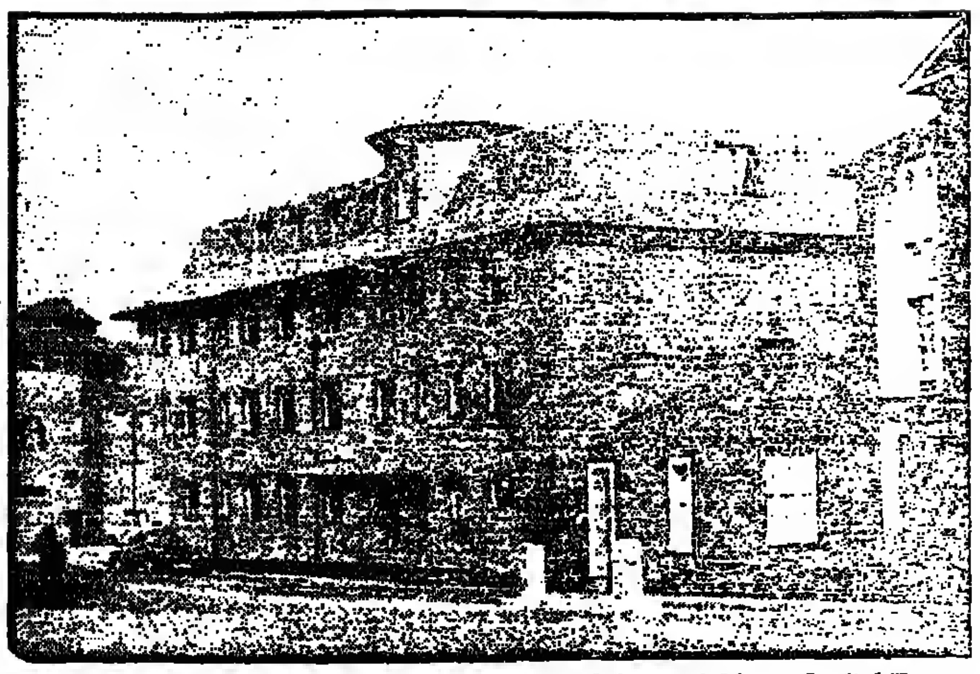
As if in answer, some of the big retail schemes in Southampton have seen activity, notably the Marlands and Esplanade developments and the Cascades 200,000 sq ft shopping centre at Portsmouth. But there remain question marks over proposals for 130,000 sq ft of shopping at Eastleigh as there has been difficulty in finding major high street names to go in.

Caution, however, was not the mood at Basingstoke, nor is it the approach being taken on the M27 business parks. The Solent Business Park, which will offer 2m sq ft at junction 9, will see the first two-storey buildings, totalling 94,000 sq ft, in November.

Stock market newcomers Arlington Securities are the developers and they plan a "campus-style low density format" which will include a lake, restaurants, bars and sports clubs and 1,400 trees.

Stuart Alexander





Investment funds retain a strong interest in Winchester, backing small schemes like Canister House (left) and the much bigger Capital House

Historic seat of affluence

HISTORY LIES over Winchester like a blanket. It was King Alfred's capital, the birthplace of the Domesday Book and an important trade centre for pre-industrial Britain.

Not surprisingly, developers have a hard time persuading planners to make any addition or alteration to the rich fabric of historic buildings. A further influence comes from the heavy restrictions imposed on outsiders moving in to set up business. With low unemployment, the town can afford the luxury of restrictions no matter what pressures come from its mid-point relationship to the M27 and M3 corridors.

Developers and funds have not been completely deterred by the restrictions. They smell wealth in this town — recently dubbed the most affluent in the UK on the basis of low unemployment, growth in jobs and number of two-car households. High environmental standards are also the very thing modern companies are looking for.

This confidence is shown in the generous supply of office space. Agents L. S. Vail say that eight buildings of 2,500 to 10,000 sq ft are on the market, seven of them new.

That confidence does not seem to be backed by demand, however. In the six months to March, the only significant letting was the 6,800 sq ft of Dolphin House —chiefly because of the bonus of 26 car spaces, Vails say.

Companies like Stonechester have found a niche producing small schemes, such as the 8,800 sq ft Canister House, being offered at £8.52 a sq ft and backed by Scottish Life.

On a larger scale but at similar rents, Westbrook Properties backed by PosTel has pre-let almost half its 23,000 sq ft Capital House.

David Lawson

Developers

Local boys make good

THE CHAIRMAN of a long-established manufacturing company was taking a small drink with old friends at his golf club one Sunday when talk inevitably turned to business prospects. As this was deep in richest Surrey there was little evidence of rending of garments and tearing of hair. Just some casual remarks about a possible move to premises more suited to the automated production line he had fallen in love with at a Frankfurt trade fair.

Before the chairman had started on his kippers the following morning one of those golfing cronies was on the phone with an offer for his factory site and suggestions for a new one on a nearby estate. Two months later the funding was sewn up and a planning application was being prepared for a high-tech development on the old site. The local developer had stolen another prize from under the noses of the London-based giants by getting in first.

Few deals are that simple, or as uncontested. The big developers have their own watchers and listeners — especially in likely expansion areas along the main motorways leading into London and in the relatively prosperous towns of south-east England. But it shows how companies with local contacts specialising in particular areas have been able to carve a place alongside the giants.

The pickings are so rich that many of these specialists have expanded rapidly. Arlington Securities, for instance, rose like a rocket from the second division once it discovered the magic formula for business parks, such as its developments near Fareham on the M27 and Frimley on the M3. Its share issue in May was a sellout, and the company now boasts a premium price of more than 300 per cent to net assets.

Marlborough Property Holdings has been around the share lists much longer and has a more traditional mix of property in its portfolio. It specialises in where it does business rather than in types of property, but its concentration in the relatively properous areas along the line of the M3 has lad to an uplift of net asset values per share from 27.31p in 1980 to 42.7p in 1985 and group pre-tax profits up from £438,00 to £528,000, in spite of a one-year setback in 1983 which saw a £113,000 loss.

Martin Lange, who set up the company in 1972 and floated it in 1978, is steadily creating a strong asset base, shown by the £1.1m rent roll from investment property in 1985 compared with £690,000 the year before and the £6.6m spent on buying invesment property (£1.6m), But trading is still important, yielding a £1.3m gross profit (£1.14m).

The uplift in the area is reflected on the one hand in the 35 per cent growth in rents of the company's Polygon House office block in Southampton and on the other in the way some investments held for medium-term redevelopment prospects are being brought into current rebuilding plans because of the rise in land values.

Mr Lange sees the M3 as a more logical expansion route out of London than the M4, which has seen more activity because of the access to Heathrow. But the environmental problems of a major airport are begininning to tell. Toshiba, for instance, has moved out to Marlborough's Albany Park at Frimley, an estate already benefiting from a rent uplift from £3.50 a sq ft to more than £5.50 in two years because of the shortage of traditional industrial space.

But high-tech is now on his mind for future expansion, tapping the increasing demand in this "golden triangle" area south-west of London.

Another of the area's specialists building its asset base is Arundall House, a constant candidate for flotation rumours over the last couple of years but more likely heading for a private placing this year to raise the £10m-plus to feed its expansion.

The market has yet to digest properly the breakup of founding partners Mr Michael Campbell and Mr Andrew Sturt last month after a growth in activity around the Surrey end of the M3 that surprised even them over the nine-year life of the company.

Business parks will play a strong part in the future of the company under Mr Sturt, but the immediate interest lies with a £20m retail development in Guildford and in continuing projects in central Farnham. Like the classic pattern of a local developer spreading its wings, Arundell House is also looking towards the big rewards of London, with schemes in the City and the West End already under its belt.

Crest Nicholson could be seen as the antithesis of the specialists, with its broad range of activities and locations across the south-east. But its property division, based in Weybidge, has taken great advantage of the buoyancy of a local market to supplement its group's profits, which reached £2.6m in the first half of this year.

It is a trading operation financed by internal funds (supplemented by a £17m cash call last March), and beginning to move into bigger projects. The 45,000 sq ft office block in central Woking is a star in its porfolio, although a tenant seems to have just slipped from its grasp.

Business park fever has also gripped the company because of the demand in the area. Up to 300,000 sq ft of high-tech space is planned for 18 acres on junction 5 of the M3 at Hook in partnership with Conder Developments.

David Lawson

THE PROPERTY MARKET BY WILLIAM COCHRANE

South Ferry site for Zeckendorf

NEW YORK developer William Zeckendorf Jnr, leading a consortium representing American, West German and Far Eastern interests, has won the competition to develop 1½m sq ft of office space on what has been described as the last major development site in downtown Manhattan.

In a $384m (£258m) project named South Ferry Plaza, Mr Zeckendorf's team aims to build a dramatic 60-storey office tower, with a glass dome, in the airspace above the Staten Island Ferry terminal and the adjacent Battery Maritime building overlooking New York harbour and the Statue of Liberty on the southern tip of Manhattan Island.

The consortium submitted two development proposals to the city last year. Against eight original plans and a short list of four, it beat highly fancied competition from Howard Ronson's HRO International, already active in Lower Manhattan with 1.5m sq ft of development in its Financial Square and Broad Financial Centre buildings.

Zeckendorf's proposal provides for the renovation of two ferry terminals, the expansion of parking space and waterfront esplanades. New York City mayor Ed Koch says that the plan was selected for its financial benefits, as well as its architectural merits.

The developer will lease the site for 100 years and the city will get rental income of $15m a year which will escalate by 15 per cent every five years. The base rental will be appraised every 33 years and the city will also have a share in the developers' income—and any proceeds from sale, or refinancing.

Putting a tower on a site which has traditionally taken low rise civic buildings has its controversial aspects. But city officials have called the project a new gateway to New York which will light up the harbour and, by its pivotal location, rival the super-high twin towers of the World Trade Center on the city skyline.

The pink-grey granite tower will rise above the Staten Island Ferry terminal. The adjacent Maritime building, which also serves as a ferry terminal, will be completely renovated and house the City's Children's Museum.

An esplanade which now bounds the southernmost point of Manhattan will be enhanced and extended. The public, said city officials, will get a fountain and seating area which will serve as an amphitheatre.

New York City's Public Development Corporation, which oversees waterfront projects, expects final approval to be granted for construction to start in 1988, and the building to be completed three years after that.

One bridge too many

MEPC managing director Christopher Benson looked askance this week at the Guardian Royal Exchange plan to bridge London Wall in the City of London. GRE's is the fourth span to be mooted, and Mr Benson thinks that this is one bridge too many.

GRE's plan, linking the sites of St Alphage House and Royex House just to the west of Moorgate, would interfere with MEPC's original scheme for a span utilising Lee House—which, as Mr Benson points out, has the merit of being empty.

It is also the fourth such plan mooted for London Wall, the other two being the Wimpey/Wates scheme linking St Alphage with 40 Basinghall Street and the other by Stuart Lipton's Stanhope Securities, using the City Museum and rotunda at the western end.

Mr Benson worries that the City planners, threatened with so much development that London Wall could turn into a near-culvert, might put a stop on all four schemes. MEPC comes in front of the planners next month.

Meanwhile, Wimpey Property chairman Michael Davies says that Wimpey's long delayed scheme for Little Britain, just west of the Museum and rotunda, is now expected to go ahead next year to produce a landmark building of over 300,000 sq ft.

Waterside sale

DEBENHAM Tewson and Chinnocks, acting for Wyndham Investments, the property holding company of Allied-Lyons Pension Funds, have sold the freehold of Waterside Park, Bracknell, for over £14m to Shell Pensions Trust, advised by Hillier Parker.

The building was developed by London and Edinburgh Trust, and pre-let to Hewlett Packard at £1m a year which indicates a 7 per cent yield for a building which is described as high technology, but looks like campus office of very high quality.

● LET also unveiled detailed plans this week for its development of the Courage Brewery site in Reading, revised to include a major retail scheme. It will cost over £60m to build says LET, provide over 40 shops, from major department stores and food halls to speciality outlets and boutiques, parking for 1,100 vehicles and £1½m in annual rate revenue for Reading council.

Meanwhile the London Docklands Development Corporation has signed an agreement with LET for the development of a £35m, 311,000 sq ft office, retail and residential scheme spanning the waters of Millwall Dock in the Isle of Dogs Enterprise Zone. Covering a 4.8 acre site, the scheme will be known as Glengall Cross.

● Tony Clegg of Mountleigh, waiting to tie up a takeover deal with United Real, has sold most of the 7½ acre Effra site on the south bank of the Thames at Vauxhall to an Arab consortium, making a £3m profit in the process.

● In New York, International Paper Co said that it was selling its midtown Manhattan headquarters to a subsidiary of First Boston, and relocating to Westchester County in New York State.

● Industry Minister Geoffrey Pattie said this week that the Government is to choose between the four potential UK sites for the European Community Trade Marks office—at St Katharine by the Tower, Cockspur Street in central London, Croydon and Harrow—which will then be put forward to the European Commission as the UK's formal proposal.

● Burton Property Trust put proposals to Reigate and Banstead Council this week for a 180,000 sq ft shopping centre fronting on to the high street at Redhill near the M25 in Surrey. The tenant mix is expected to concentrate on fashion and accessory shops.

● Gardiner & Theobald have been appointed quantity surveyors by the London Commodity Exchange Company for the fitting out of four floors of purpose built accommodation at Commodity Quay, St Katharine by the Tower.

● Godfrey Davis, advised by D. E. & J. Levy, has achieved more than £2m from the sale of part of its well known site at Neasden Lane in north-west London.

CHANNEL TUNNEL

Opportunities for development

WILL THE leafy lanes, picturesque villages and green pastures of Kent be sacrificed to meet growing demands for new offices, warehouses and factories if the Channel Tunnel goes ahead as planned and opens in 1993?

Or, to turn the question on its head, will development opportunities in Kent be lost through the short-sightedness of local planners and the reluctance of British politicians to match incentives provided just across the Channel by the French?

Conservationists and many Kent residents fear that the tunnel will have the same kind of impact on the south east that Heathrow Airport has had on towns and villages to the west of London.

A report this week from agent Debenham Tewson & Chinnocks appears to conclude that while demand will be stimulated by the tunnel, the pace of any new development will be affected by a number of other factors—not least by the large amount of empty office and industrial space currently available in the county.

The agency remains concerned that Kent will be at a competitive disadvantage with Nord Pas de Calais et the French end of the tunnel which has been given development area status by the French Government, will be offering generous incentives to industrial and non-industrial companies and has a less restrictive planning attitude.

Nonetheless, they say the rising cost of accommodation to the west of London and restrictive planning policies close to the "golden triangle" around Heathrow will increase pressure for development in Kent.

Other major transport developments planned for the south east—some of which are now approaching completion—will inevitably enhance the county's development potential, even if the Channel Tunnel does not go ahead says the report.

Most important will be the completion of the M25 orbital motorway around London which will link Kent with the national motorway network and provide access to other strategic developments such as the expansion of Stanstead, in Essex, as London's third airport; the proposed East London River crossing linking the A2 to the North Circular road and the development of the City Dockland Airport (Stolport).

On the other hand Debenham Tewson says that Kent locations "which may be regarded as most suitable from the point of view of the industrial/commercial property market, are either least attractive—Dartford and Gravesham—or are also areas where restrictive planning policies are in operation."

The report says that the previously low level of economic activity in large parts of the county may also dissuade developers and would-be tenants. It stresses that, "in an area like west London there has always been a strong economic base generating a lot of relocation and movement in the commercial property market. This is not the case in east London or indeed in Kent."

According to e Kent County Council Employment survey a total of 198 companies relocated into or within Kent between 1978 and 1983 while total employees in the county fell from 513,600 to 494,000. Only nine companies moved long distances to come to Kent and none came from overseas.

The effect has been to keep rents depressed with too few tenants chasing too much empty accommodation, says Debenham Tewson. Much of surplus floorspace now available was built during the 1970s, partly in response to e previous and subsequently abandoned plan to link Britain and France by a rail tunnel.

In Ashford, for example, where there is a substantial surplus of empty office accommodation rents even for the best space are still below £6 a sq ft. In Dover, close to where the British mouth of the tunnel will be, rents have stagnated et £3.50 and £4.50 e sq ft

On the industrial front, Debenham Tewson estimates that there was 2m sq ft of factory and warehouse space available in Kent in March this year.

Since the tunnel was announced, however, Ashford in particular has experienced a significant increase in inquiries for industrial space.

ANDREW TAYLOR

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International Property

LAW

Examination by liquidator not oppressive

IN RE JOHN T. RHODES LTD

Chancery Division: Mr Justice Hoffmann: June 26 1986

A PERSON who has been closely involved in the conduct of an insolvent company over a public duty to assist the liquidator to investigate its affairs in the interests of creditors; and the court may order his examination on oath if the liquidator shows a need for information and if the examination would not be oppressive, vexatious or unfair.

Mr Justice Hoffmann so held when upholding an order made on the application of the liquidator of John T. Rhodes Ltd ("the company") by Mr Registrar Bradburn for the examination of Mr Richard Hayward in relation to the affairs of the company.

Section 268 of the Companies Act 1948 (now sectioo 561 of the Companies Act 1985) provides: "(1) The court may, after the appointment of a provisional liquidator or the making of a winding-up order, summon before it ... any person whom the court deems capable of giving information concerning the ... affairs ... of the company. (2) The court may examine him on oath ..."

HIS LORDSHIP said that the company was wound up on January 14 1980 on a creditors' petition. The liquidator was appointed at a meeting of creditors.

According to his evidence the liquidator's preliminary investigations revealed that Mr Hayward and an associate had, through companies which they controlled, acquired a majority shareholding in the company in February 1979.

Almost immediately after Mr Hayward had acquired control, the company sold its principal assets to one of his companies. Nevertheless, according to its books, it cootinued to owe his companies about £23,000.

At a board meeting on July 26 1979 one of the original directors proposed to summon a creditors' meeting with a view to voluntary winding-up. That was opposed by Mr Hayward and his associate.

On August 8 1979, the company executed a debenture in favour of Mr Hayward purporting to create a charge over all its assets to secure repayment of a loan of £25,330. Mr Hayward paid that sum to the company, which immediately paid it out again to four companies which he controlled, in settlemeot of its indebtedness to them.

The company continued to trade until October 1 1979, said the liquidator, when Mr Hayward made a formal demand under his debenture and appointed a receiver. He took possession of the whole of the company's assets and undertaking. The winding-up petition was presented some six weeks later. When the liquidator took office there were no assets. The receiver had everything. The liquidator brought proceedings against the receiver and Mr Hayward to set aside the debenture and recover the assets.

The action went as far as discovery and was then compromised by a consent order under which Mr Hayward and the receiver did not oppose a declaration that the debenture was invalid and consented to an order for repayment of all monies received.

The liquidator said, however, that his knowledge of the company's affairs in 1979 was still incomplete.

For example, the transactions with Mr Hayward's companies which gave rise to the alleged debts remained obscure; there were question marks about the company's activities between July when Mr Hayward opposed a creditors' meeting, and October when he appointed his receiver. It was not clear what Mr Hayward's role was. He said he was neither a director nor shareholder, but the liquidator said that on his information he acted *de facto* as director.

Those were all matters which were not directly in issue in the proceedings to set aside the debenture, although no doubt connected with and relevant to some of the issues which would have arisen had the action gone to trial.

The liquidator had limited sources of information about those matters. He therefore applied for an order for the examination of Mr Hayward under sectioo 268 of the Companies Act 1948 (oow section 561 of the 1985 Act).

The registrar made an order dated May 24 1984, which Mr Hayward now sought to discharge. The principles on which the jurisdiction under section 561 and its predecessor should be exercised had beeo exhaustively discussed in *Rolls Razor (No2) [1970] Ch 576*; *Spiraflite [1979] 1 WLR 1096*; and *Castle New Homes [1979] 1 WLR 1075*.

The liquidator must show a need to examine and the court must not allow examination when it would be oppressive, vexatious or unfair.

Persons involved in the affairs of an insolvent company owed a public duty to assist the liquidator to investigate the affairs of the company in the interests of creditors. That duty was particularly strong in the case of persons closely involved in the conduct of the company's business.

Mr Hayward, whether a director or not, was closely involved at the relevant time in the conduct of the company's business.

He said his examination would be oppressive and unfair because the liquidator had already pursued him in litigation over the debenture.

Mr Speed, on Mr Hayward's behalf, said that if the liquidator had wished to examine him under section 268, he should have done so at the commencement of the liquidation. Such examinations were described in the cases as cheap and expeditious. There was nothing expeditious, said Mr Speed, about an examinatioo in 1986 concerning a company wound up in 1980.

The liquidator said he could not have applied for leave to examine in 1980 because he had firmly decided to bring proceedings over the debenture.

The courts had evolved a principle that as a general rule a liquidator might not examine if he had made a firm decision to commence proceedings (see *Castle Homes*). That represented the present practice. Though the bar was not absolute the liquidator was right in thinking he had little prospect of obtaining an order for examination before conclusion of the litigation. He was therefore justified in delaying his application.

Mr Hayward said it had resulted in his being vexed twice about the same matters and that was unfair and oppressive. The court disagreed. The outcome of the litigation showed a recognition by Mr Hayward that he was wrong in originally seeking to uphold the validity of the debenture.

If he had conceded that at the start the litigation could very likely have been avoided. Furthermore, had the liquidator commenced by examining under section 268, the litigation would have followed and Mr Hayward would still have been subjected to both procedures in reverse order.

The principle that no one should be sued twice about the same matter did not apply because, first, the liquidator was not proposing to sue. He wanted to ask Mr Hayward questions and possibly to see documents; and second, he did not want to examine on the same matters.

Considerable weight should be given to the views of the liquidator on what he needed to know. The registrar's order was not oppressive, vexatious or unfair, and should be upheld.

For Mr Hayward: John Speed (Howell & Co, Birmingham)

For the liquidator: Gabriel Moss (Whatley Weston & Fox, Worcester).

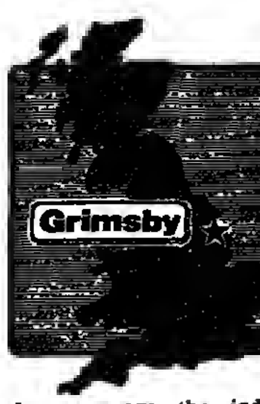
Rachel Davies
Barrister

CORRECTION: *In Aswan Engineering Establishment Co v Lupdine Ltd (FT, July 23, 1986) counsel for Thurgar were AW Stevenson and Steven Coles.*

Improved access and sharper promotion of this northern port have raised its prospects

On the road from fish fingers to growth

By Ian Hamilton Fazey



THE County Borough of Great Grimsby is enjoying something quite unusual in the north of England these days—economic growth. And it expects more, in spite of the decline in traditional fishing industry jobs and an unemployment rate that seems stubbornly stuck at 15 per cent.

It is not hard to find the reasons. Indeed, the first one is immediately apparent on the drive in to the town because it is the A180 trunk road. This is a dual-carriageway of near-motorway standard linking the heart of Grimsby with the M180 motorway — and hence the national network — 15 miles away.

When it opened at the end of 1984 it transformed Grimsby's accessibility. The last few miles into the town had been tortuous and time-consuming. Journeys are now up to half an hour quicker. In spite of the Humber Bridge — which merely speeds the circulation of local traffic — Grimsby had been tucked away in a corner created by the sweep of the river's estuary. Today, it is isolated no more.

Of course, a road alone cannot turn an economic tide: it is merely the means by which more people are going to be able to catch a tide that appears to be running Grimsby's way. Fishing may have declined but the fish market thrives because the best prices in Europe are achieved there.

Fish brought in from other ports accounts for three-quarters of this trade. Anything that makes it easier to get fish in and out of Grimsby must strengthen the market's already dominant position.

The same argument applies to Grimsby's major growth industry, food processing. The giants—including Birds Eye, Findus, Christian Salvesen, and Ross—have big investments in the town. The industry may have started with the humble fish finger but now it turns out a wide range of high-value products. Easier distribution can only encourage the industry even more.

Another reason for growth and the hope of more—is the way that Grimsby is organising to pinpoint future developments. This strategic approach is new for a small town of only 91,000 people occupying an area of less than 11 sq miles.

It springs from the appointment of Mr Robert Hughes, formerly Birmingham's head of economic development, as Grimsby's town clerk, and setting aside funds to create an economic development office under Mr Roy Bentham, who did similar work for Greater Manchester Council.

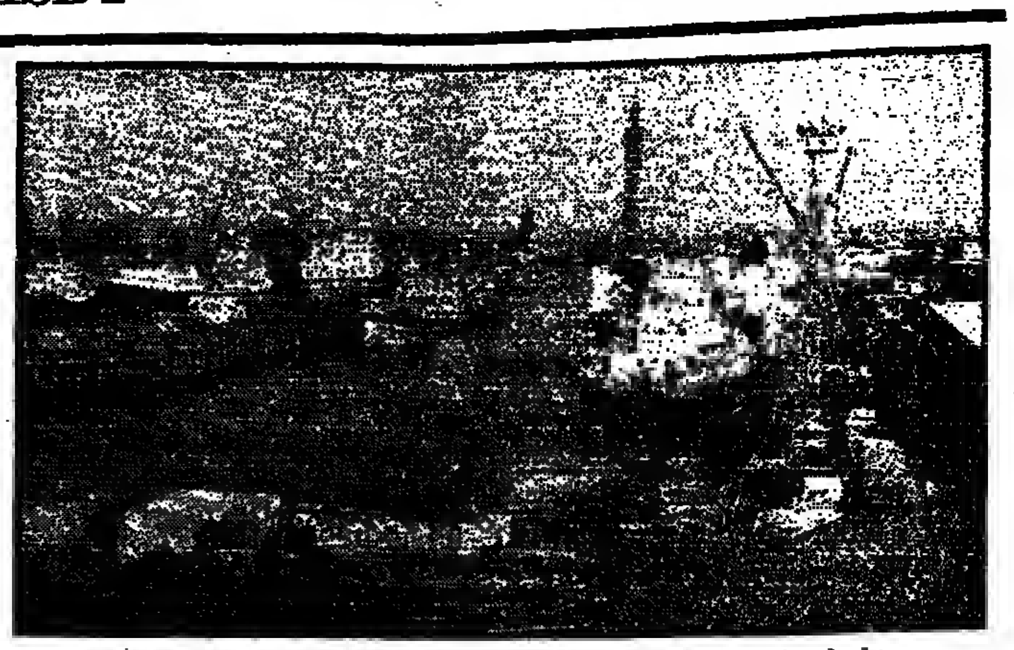
This has sharpened and professionalised an effort that was already under way. Mrs Muriel Barker, the chairman of the Estates and Industry Committee, says that there has been political consensus about development for about five years. This meant that when Labour took control of the council in May there was no change of policy.

Grimsby is, therefore, playing to its strengths—fish, food and to a lesser extent chemicals. There is a chemical industry along the south bank of the Humber but most of it is in the district of Cleethorpes, which covers 63 sq miles around Grimsby.

Relations are not always harmonious. Cleethorpes, which has 68,000 residents, is in what appears to be permanent Conservative control. Mrs Barker says co-operation is difficult, even though workforces are drawn from across the district boundaries in both directions.

The tension is heightened by a lack of readily developable land and space in Grimsby. The property market is tight and is expected to grow tighter as demand and growth intensify. English Estates is going to build and Grimsby council has been developing premises too, but there is an understandable resentment that Cleethorpes will pick up the overspill without having to do much to supplement Grimsby's promotional efforts.

In spite of the scarcity, rents are cheap by big-city standards. According to Mr Paul Waddingham of agents Henry Spencer and Sons, the best modern office space fetches £4.50 per sq ft, with £2.50 more common. Industrial space is in the £1.50 to £1.75 range.



The Renaissance-style water tower stands guard over the docks

Nevertheless, Grimsby is one of the most active property markets in the north, Mr Waddingham says. House prices, incidentally, appear to be about two-thirds of northern averages and about half those of south-east England.

Intermediate area government aid is available but the decline of the local fishing fleet also means that the European Regional Development Fund will help businesses start up and grow.

Market factors rather than grants appear to be the key to Grimsby's future prosperity however. Mr Bentham says there are good prospects for North Sea offshore support services too, especially now that the link into the town is so good.

There is also likely to be a growth in tourism. The centrepiece of this will be a fishing heritage centre in the commercially disused Alexandra Dock in the heart of the town. This month a party went to Lowestoft to buy an old Grimsby trawler as one of its prime exhibits.

The dock project is sure to have plenty of visitors if only because a retail park will be built next to the heritage centre.

Given that the town's shopping areas are already mostly modern and extensive the extra development is sure to help pull in many people from increasingly farther afield—and thanks again to the A180. This buoyancy has encouraged Marks & Spencer to have two stores in the town.

Why then is the unemployment rate so hard to bring down, especially since the food giants are investing millions of pounds in the town? The answer is not a comfortable one for the Government.

Grimsby's growth is in modern or modernising industry. Investment is making that industry more capital intensive, more productive and more profitable—but nearly always at the expense of jobs as new plant and processes come in.

The future may be rosy for those remaining in work but it may be hopeless for the Grimsby unemployed as they wait for service industries to develop and provide jobs.

"What is happening here shows that there is not an economic answer to unemployment," Mr Bootham says.

Grimsby is small enough to see the whole picture simply, without the factionalisation of local politics of many places. Without specific policies to tackle unemployment, it may well become an object lesson in simultaneous industrial success and social failure.

Stacked up for exports

The less elegant Tioxide chimney stands guard over the town

THE skyline of Grimsby is dominated by a single 370 ft high stack, with a white plume emanating from it day and night. It marks Tioxide's 60-acre site on the bank of the Humber, which produces 100,000 tonnes of Titanium dioxide a year.

Titanium dioxide is the white pigment in paint. The Grimsby factory proves how effective it is, as more than 40 years of production have seen the entire factory coated as though it were covered with icing.

The white plume is pure odourless steam. But that does not stop Tioxide being blamed for every bad smell that drifts across Grimsby—and for people to ring up the works manager, Mr Ken Murphy, and tell him.

Titanium dioxide is extracted from a black Australian sand called ilmenite, using huge quantities of sulphuric acid. So Tioxide also houses the biggest plant in the world for making the acid.

The processes demand rigorous safety procedures and a careful workforce of 800, which is remarkably loyal. Half have worked at the plant more than 20 years and 200 of these for more than 30 years. Investment has pushed the plant's output to record levels—half of which is exported.

The company has had trouble with Greenpeace protesters but was cleared by an expert committee of the House of Lords, which found its effluent to be 97 per cent water, discharged at 80 gallons a minute into the Humber, which flows at a rate of 3m tonnes a minute.

Just up the Humber is Immingham, part of Cleethorpes district, where Courtaulds, Laporte, ICI, and Norsk Hydro fertilisers are grouped. Earlier this month, Conoco, which employs 650 people mainly from Grimsby, opened a £60m catalytic cracker at Immingham.

American frozen in history

AN AMERICAN has been immortalised by one of Grimsby's refrigeration specialists—Mr Jack Stone invented a freezer which he called a froster. Jackstone Froster made the freezer under licence until the patents expired in the 1950s, then carried on independently.

Jackstone Froster is now part of APV Holdings of Crawley, but operates as an autonomous unit, employing 120 people and turning over more than £5m a year. Some of its freezers are installed to preserve the catch.

Mr Frank Fenner, the managing director, went to sea with the prototypes to make sure they worked. This led to the design being simplified to be what the industry calls "Fisherman proof."

The fish end up in rectangular slabs about four inches thick. Some freezers of a similar type are made to produce precise slabs of frozen fillets which can be cut by machine into fish fingers with minimal waste.

Jackstone Froster had a rough passage during the recession, shedding 80 jobs, but came through when Frigoscandia sold it to the engineering-based APV group. The company still has a marketing agreement with Frigoscandia, however, providing sales skill which marries with the Grimsby factory's technical expertise.

This is helping it to keep up a considerable level of exports. More than 90 per cent of output goes abroad and the company has already won one Queen's Award. "We have manufactured more than 6,000 freezers and they have gone all over the world," Mr Fenner says.

Capital injections of £500,000 have enabled the company to increase its commitment to labour-saving, computer-aided design will follow. Having mastered the basics of refrigeration engineering with fish, the company moved into wider fields.

Freezing chickens, for example, requires passing them down a tunnel to be blasted with cold air. Jackstone Froster makes equipment that will process 20,000 an hour.

Chemicals help boost port

THE PORT of Grimsby and Immingham has benefited greatly from the chemicals sector. Immingham is the point where the Humber's deep water channel is closest to shore, and apart from its enclosed dock, a growing complex of jetties and quays reach out into the river for supertankers and bulk carriers.

Grimsby and Immingham are run as one by Associated British Ports. Because they face continental Europe, they are benefiting substantially from the EEC and with a total throughput of 29m tonnes they account for about 7 per cent of UK trade.

They also handle about three-quarters of the trade that comes into the Humber, according to Mr Dennis Dunn, the port manager. Saab and Volkswagen-Audi import their cars through the port.

Some 500 registered dockers work flexibly between the two harbours, even though they are six miles apart. They report in as required to turn round ships immediately.

When the Royal docks was built in the 1840s a water tower was needed to provide hydraulic pressure to work the lock gates. At 309 ft, it was bound to stick out like a sore thumb, so the town decided to make it as a replica of the tower dominating the Pallio in Sienna. It has become as much of a landmark as the Tioxide chimney —and a lot more elegant.

Why food products are moving up market

THE ancestral home of the fish finger has a rather more sophisticated attitude to food these days. Fish fingers may still be the food industry's staple product but profits are better on more exotic dishes.

As Mr Chris Tyas of Findus puts it: "People expect higher standards and quality from convenience foods—at least as good as they could get from a take-away or restaurant. We have invested £4.2m in the last two years to provide it."

Findus, which is part of Nestle one of the world's largest food companies, employs nearly 1,500 people in Grimsby, the most at any Nestle's site in the UK.

About 550 jobs were lost when the company merged two factories in 1984 but Mr Tyas believes that the scale of investment speaks for itself in terms of Findus's long term commitment to the town. It is also paying off as this year has seen 160 people recruited as a result of sales growth.

Birds Eye, part of Unilever, has been undergoing similar rationalisation. After 450 redundancies it now employs comparable numbers to Findus. Its investment has been even higher—more than £8m over a similar period. Ross, another Grimsby giant, now owned by Hanson, has invested £15m in 10 years and employs about 1,000.

The trends are well established: the food industry is becoming more capital intensive, more productive and, in the long term, should become increasingly profitable. A sea change lies behind these developments.

The increasing proportion of working women in the UK and a consequently rising demand for convenience foods has been a major factor. So have the more widely educated palates of international travellers.

Kitchen technology has played its part too, particularly the wider ownership of freezers and microwave ovens. Freezers have moved from a household penetration of only 2 per cent in 1970 to 73 per cent in the UK last year. Modern processed food uses this technology increasingly. Meals are frozen, ready to be brought to table after only minutes in the microwave oven.

This encourages a movement away from convenience foods as low-priced commodities towards increasingly complicated products with high added-value—ready-made meals as good as or better than most people can cook themselves.

The sort of lines now coming out of the factories include crispy pancakes, french bread pizzas and a range of what Mr Tyas calls "ethnic, exotic or out of the ordinary" products, including various pasta dishes.

The commodity end of the industry should not be overlooked, however. Although Findus has moved out of bulk supplies to the catering industry, for example, it still makes 252m fish fingers a year for consumption in the home. Customers include the Princess of Wales.

Beefburgers and frozen vegetables are also churned out by the million. The giants also produce own-label foods for retailers. However, the shift is decidedly up-market in terms of quality.

"We cannot demand high quality for our high added-value lines and operate a different standard for fishfingers and beefburgers," Mr Tyas said.

Customers' suspicions about additives and artificial colouring have been headed off. Findus even decided to manufacture it own breadcrumbs, spending £600,000 on its own plant to produce a wholmeal product.

Had giants like Birds Eye and Findus not taken the high added-value route — making new, fragmented market niches where millions were already accustomed to eating out of packets — others would have beaten them to it.

Grimsby is an important centre for food processors like Ross

The emergence in Grimsby of Blue Crest is an example. The company started life as a fish merchant but branched into food processing at the quality end of the market. A combination of good cookery and food technology has seen one of its dishes, plaice in prawn sauce, win the industry's top award for new products.

The opportunities ere there for smaller processors with high quality ready-made meals where they could never have competed in fishfingers or beefburgers because of economies of scale. Indeed, Grimsby has what is probably a unique infrastructure for such growth. The town has experience in food technology unmatched anywhere else in Britain.

It has the largest concentration of cold storage in Europe —30m cubic ft with another 3m under construction—so that en incoming or new company would not have to build its own. There is also a large pool of experienced managers, technologists and workers.

The Humberside College of Higher Education in the town has become a national centre of excellence in food technology and refrigeration engineering, offering courses at all levels as well as research and training for the industry. The college's importance is indicated by its allocation of £1m for capital building out of the £5m national budget this year—more than anywhere else—to extend its food and refrigeration engineering capabilities.

The food industry in Grimsby is far from mature, however, and the potential for growth is considerable. The borough council commissioned Arthur Young's management consultancy to report on prospects which recommended a widening of the industry's product base to include chicken, pork and rabbit products. It also stressed the need for lifting the range of processes of each company to increase value added on each product.

Attracting more ancillary processes such as packaging or making breadcrumbs, batters and sauces, ia another recommendation. So is an intensification of reaearch and training, using the college and joint programmes with retailers to develop new products and anticipate changing markets.

Some Grimaby leaders have also looked enviously at what the Scottisb Development Agency has done in Motherwell, establishing a "food park." They feel they should emulate it, but the park is small compared with the Grimsby scale.

Indeed, as a major base for such leading food processors as Birds Eye, Findus, Young's Seafoods, Christian Salvesen, Ross and United Biscuits, Grimsby probably bas the critical mass to exert what could be an irrestible gravitational pull. It is already a food town.

A magnet for the fishing fleets

IN SPITE of two cod wars thet were supposed to kill off Grimsby's fishing industry, it is not just surviving but thriving, according to the town's fish merchants.

Of course it is not what it was in its beyday of the 1950s, when 20,000 kits of fish might be landed on a single busy day (one kit is 140 lb). Today, the port will have done well to bave landed that many in a good week.

But although 2.6m kits was a typical annual figure 30 yeara ago, closer examination raises many questions about the marketplace. There was massive oversupply and a quarter of that catch went for animal feed. Prices were affected accordingly.

Fish was a low-priced, readily available commodity, mostly cod from distant waters around Iceland. Grimsby was geared up for the trade, with 84 deep-weter trawlers and 92 middle-water vessels. Completing the fleet were 75 seine net boats.

There were still 106 trawlers more than 80 feet in length in 1975, though numbers of fishermen had halved to less than 2,000 in the intervening 20 years. This was when Iceland's 200-mile limit was finally agreed. With rising fuel prices, and conservation quotas on the horizon, that was supposed to be the end of the industry

Indeed, Grimsby has not a single trawler to its name yet the industry survives and tbrives. All over England and Wales, fish from Grimsby is eeten daily. So what happened?

The huge volume of fish Grimsby handled made it into the leading auction market in Europe. The merchants who developed their businesses around it amassed a depth of knowledge of the British fish market that remains unsurpassed. The result is that only a quarter of the fish auctioned each weekday morning at Grimsby market has been landed in the docks.

The bulk comes overland from other ports in refrigerated trucks. Only supplies for the Scottish market — a small one—are handled locally. Most of the rest goes to Grimsby because its market pays the best prices. Icelanders may land their catches in Scotland but they truck them south to Grimsby. Some Icelanders and other foreign vessels head for the port directly. A big foreign trawler may carry up to 2,400 kits.

Meanwhile, Grimsby still has 585 fishermen of its own, operating 130 seiners and inshore vessels. These use an "anchor seine net" technique, tying to a buoy and sailing round it in a circle with their nets out.

They rely not on volume, but on quality of fish to fetch e high price—plaice, halibut and Dover sole.

Mr Gary Greenacre, secretary of the Grimsby Fishing Vessel Owners' Association says: "That is why the fishing has survived. The size of vessel that can be operated economically is now much smaller. We are all optimistic about the future."

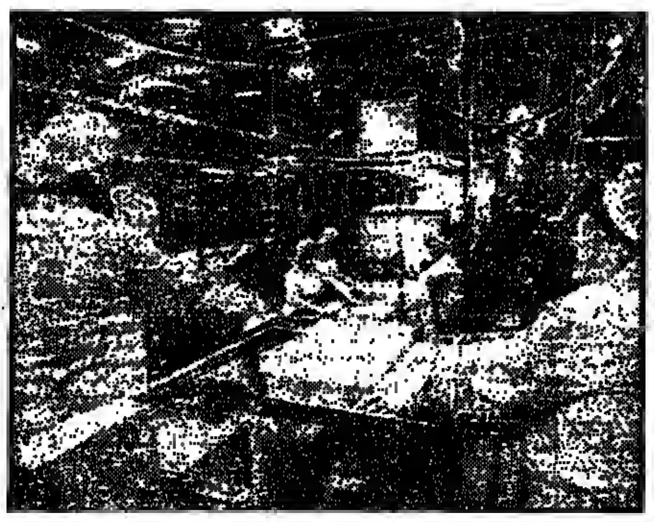
Preparing haddock for smoking in the traditional fashion

Landing begins at midnight, the auction at 7.30 am. By nightfall the merchants have cleaned or processed the fish and those to be sold fresh will be on their way to the country's retailers. Mr Ken Beeken, secretary of the Grimsby Fish Merchants Association, sums up the scale of the operation in a single statistic: every night refrigerated trucks carrying fresh fish from Grimsby travel a total of 24,000 miles.

The port also turna over £5m e year producing 18,000 tonnes of fishmeal for animal feed. Nowadays it is made from the offal after processing. It takes 8ve tonnes to make one tonne of meal but here is a form of productivity probably unimaginable 30 years ago, says Mr George Coulbeck, the association chairman.

Mr Beeken says: "We have 212 port wholesale fish merchants and processors. That figure has been stable for 10 years."

One problem facing the industry is caused partly by the local seiners not putting out in the winter. There are hopes that they will develop techniques to fish in pairs, which would make it safe and profitable to operate in bad weather, but thet will not solve everything.



Fish fingers being cut to size at the Findus factory

The 57 "lumpers" who land the fish are regiatered workers under the national dock labour scheme. They get a fall-beck wage of £100 a week come what may and are therefore often paid to stay at home in the winter. Their employers, the Grimsby Landing Company, a subsidiary of the Vessel Owners Association, can do nothing about it.

The port also has three fish docks from the days of big volumes and could probably manage now with less than one. This wasted overbead has not yet crippled the fishing industry because Associated British Ports, the owner, has not pushed the issue. If it had operated on straightforward economic principles, it would have closed the docks or raised its charges.

This has a bad effect on the appearance of the town, for there is no incentive for ABP to spend money improving the dockland infrastructure. Leases are short because of long-term uncertainty, so fish merchants are not inclined to spend much either.

Getting the dock right will be the final stage of adjustment for Grimsby's fishing industry. Probably it will require a lot of public money, but the industry may have to brace itself to find its share of a public-private sector joint venture. If the industry is doing well as it claims it ought to be able to afford it.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
25	26	27	28	29	30	31

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original *film like Shuffle* Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-*running musical ever* in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (*Palace*): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilar*ious original* between *high-kicking* and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the *strength of its word-of-mouth* popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

The Mystery of Edwin Drood (Imperi*al): Rupert Holme's Tony-winning* resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

TOKYO

Fool for Love: The final of Parco's Sam Shepard trilogy and closest to the original. This production, directed by UK's Paul Joyce, demonstrates that *Japanese* versions of Western plays needs not be stylised, over-acted and superficial. Excellent *stage* effects. Design by Setsu Asakura. Parco Space Part 3, located in fashionable area of charming winding streets, restaurants and imaginative new buildings in Shibuya (477 5880/5858/5859).

LONDON

The Normal Heart (Albery): Tom "Amadeus" Hulce is playing the crusad*ing hero of Larry Kramer's hysteri*cal melodrama for a three-month season, as public concern over the Aids epidemic increases. (836 3878 credit cards (CC) 379 6565).

La Cage Aux Folles (*Palladium*): George Hearn a welcome star alongside Denis Quilley in the transvestite show for all the family. Weak second act, less than vintage Jerry Herman score. The show has not travelled well from Broadway. (437 7373 (CC) 734 8961).

Blithe Spirit (Vaudeville): Susan Hampshire and Joanna van Gyseghem have now joined Simon Cadell in this enjoyable Coward revival. (836 9987).

Troilus and Cressida (Barbican): Provocative RSC production set vaguely in the Crimean War with *Juliet* Stevenson refusing to play Cressida false but riveting just the same. The bumptious 1950s Merry Wives continues in repertoire. (628 8795).

Dalliance (*Lyttelton*): *Tom Stoppard's* new version of Schnitzler's Liebelei is a crushing disappointment only partly redeemed by Brenda Blethyn as the ruined working girl. A theat*ricalised travesty of* the work adds to the confusion of middle-aged actors playing boyish dragoons in Peter Wood's numbingly respectable production. (928 2252).

Lend Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in *Cleveland, Ohio* in 1934. *Dennis* Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1592)

When We Are *Married* (*Whitehall*): Matchless comic playing from an all star cast in Priestley's comic warhouse about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (930 7765).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (*Apollo Victoria*): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 6108).

Opera and Ballet

TOKYO

An Evening of Flamenco: Star line-up of dancers from Spain as part of the Japanese fascination for *this* extrovert, flamboyant form, their *envy of qualities sublimated* here for enforced conformity. Hibiya Park Open-Air Theatre (Tue, Wed). (237 9999; 980 6060).

NEW YORK

New York City Opera (NY State Theatre): Summer opera includes new productions of Werther, Don Quichotte, *The New Moon and* the world premiere of Anthony Davis's X (The Life and Times of Malcolm X). It continues with Die Fledermaus, Carmen, La Bohème, Wer*ther and The Pearl Fishers. Lincoln* Center. (870 5600).

SPAIN

Santander international festival begins with the Paul Taylor Dance Co, premiering Schubert's Mercuric Tidings, Corelli-Cowell-Miller's Cloven Kingdom and Bach's A Musical Offering, all choreographed by Paul Taylor *(Mon); Ballet Nacional* de Espana, Classic Section (Tue, Wed). Plaza Porticada 10.30.

LONDON

Festival Ballet in Giselle at the Royal Festival Hall. (928 3191).

Royal Opera House, Covent Garden: Bolshoi Ballet, Moscow, alternates Raymonda and Ivan The Terrible and on Thursday brings in the Golden Age, a political adventure which has to be seen for Irek Mukhame*dov, Natalya Bessmertnova* and Gediminas Taranda in the leading roles. (240 1066).

WEST GERMANY

Munich: The annual Munich opera festival runs to July 31 at the Bayerische Staatsoper. The last week starts with Euryanthe, in a concert version, with Martina Arroyo, Robert Schunk and Theo Adam; and continues with Der Rosenkavalier (Lucia Popp, Brigitte Fassbaender, Helen Donath and Kurt Moll); Otto Schenk's production of *Les Contes d'Hoffmann* (Trudeliese Schmidt, Neil Shicoff); and Die Meistersinger von Nürnberg (*Lucia Popp*, Bernd Weikl, Kurt *Moll* and *Hermann* Prey).

Bayreuth: *The* Bayreuth Festival, which lasts until August 28, opens on July 26 with Tristan und Isolde, to celebrate the centenary of its premiere. Peter Hofmann sings his first Tristan at Bayreuth, with Jeannine Altmeyer as Isolde. Conducted by *Daniel Barenboim*, it is the focal point of this year's events. Peter Hall's controversial Ring, conducted by Peter Schneider, will be *shown* for the last time. There will be three cycles. *The leading roles* are taken by Lisbeth Balslev, Siegmund Nimegern, Manfred Jung, Siegfried Jerusalem, Gabriele Schnaut. *Hilde*gard Behrens, Franz Mazura and Aage Haugland. The much-acclaimed Wolfgang Wagner produc*tion of Tannhäuser* is revived, with the title role sung by Richard Versalle. The cast also includes Cheryl Studer, Gabriele Schnaut and Wolfgang Brendel. It is again conducted *by Guiseppe Sinopoli*, who made a much-admired Bayreuth debut last year with this work. The final production is Die *Meistersinger von* Nürnberg, with Bernd Weikl, Siegfried Jerusalem, Mari Anne Häggander and Graham Clark.

ITALY

Verona: Arena di Verona: La Fanciulla del West conducted by Maurizio Arena and directed by Ezio Zefferi, with Sofia Larson, Silvano Carroli and *Vladimir* Popov. Aida – for the fifth year running a revival of the 1913 edition of the opera – conducted by Daniel Oren. Natalia Troitskaya in the title role, with Fiorenza Cossotto as Amneris and Franco Bonisolli as Radames. Un Ballo in Maschera conducted by Gustav Kuhn includes *Luis Lima*, *Maria* Chiara, Silvano Carroli end Gail Gilmore. (28 151).

Ravenna: Rocca Brancaleone: (Ravenna Festival) Madama Butterfly conducted by Yoshinori *Kikuchi* with Veriano Luchetti, Juan Pons, Mietta Sighele and Monica Tagliasacchi (36161).

Music

ITALY

Verona: Arena di Verona: Verdi's re*quiem* conducted by Daniel Oren, with the Arturo Toscanini Symphony orchestra and soloists: Cecilia Gasdia, Fiorenza Cossotto, Veriano Lucchetti and Bonaldo Giaiotti (Mon). (25 161).

NETHERLANDS

Amsterdam, Nieuwe Kerk. Recital of Italian organ music by Gustav Leonhardt. Frescobaldi, Pasquini, Zipoli. (268 168).

VIENNA

Vienna Hofburg Orchestra conducted by Gert *Hofbauer*. Waltzes and light opera. Konzerthaus (42 800/20 85). (Tue).

Eduard Melkus, violin, Paul Angerer, organ. Bach, Biber. Michaelerkirche (Mon).

Janacek Philharmonic Orchestra conducted by Otokar Jrhiik. Smetana. Arkadenhof (42 800/2065). (Tue).

Janacek Philharmonic Orchestra conducted by Hikmet Simsek with Ulvi Cemal, violin. Wagner, Erkin, Dvořák. Arkadenhof (Thur).

SPAIN

Barcelona: Summer Festival Grec 86 offers Orchèstre de Jeunes de la *Mediterranée with piano accompan*iment by Albert Jimenex Atenelle. Beethoven, Ravel and Xenakis. Basilica de Santa Maria del Mar. (Thur).

LONDON

Royal Philharmonic Orchestra conducted by Enrique Batiz with Barry Douglas, piano. Tchaikovsky, Rachmaninov, Sibelius, Grieg and Ravel. Barbican Hall (Mon). (638 8891).

English Chamber Orchestra conducted by *Philip Ledger* with Vovka Ashkenazy, piano. Mozart. Barbican Hall (Tue).

London Concert Orchestra conducted by Fraser Goulding with Ronan *O'Hora*, piano. *Tchaikovsky*. Elgar and others. Barbican Hall (Thur).

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THE ARTS

Cinema/Ann Totterdell

Sex, drugs and star-crossed lovers

Sid and Nancy directed by Alex Cox

Care Bears II: A New Generation directed by Dale Schott

The Karate Kid Part II directed by John G. Avildsen

"Sex is ugly. Boring. Hippie shit." Nancy Spungen is quoted as she begins her pursuit of Sid Vicious in *Sid and Nancy*. And given that sex was temporarily out of fashion, what was it that bound this couple together? Their lives and, more importantly, their deaths clearly fascinated director/writer Alex Cox who has devoted his film to charting their romance from inception to exhaustion.

Though it all happened only seven years ago the story is already a period piece, an attempt at an account of the Punk society that came between the Hippies and the Yuppies and was born of frustration. The Sixties changed little in spite of all the optimism they inspired, and as the Hippie influence waned in the early Seventies, leaving only drabness, it was fairly logical that the next generation, caught up in the beginning of a recession, should make a cult of despair.

Punks are associated with aggression, violence turned inward, nihilistic dress and attitudes. Clothes might be mutated from black plastic dustbin bags, bodies decorated with chains and safety pins, hair was spiky, spitting became a gesture of approval.

At its most serious the Punk movement was a political statement, at worst it was an excuse for hooliganism. In the middle, for the media, was Designer Punk. Those slashed leathers and bondage ornaments cost a fortune down the Kings Road and when the credit card Punks went clubbing they needed music that would complement their style.

More than anyone, Malcolm McLaren saw a new market and manufactured a band that would satisfy it, so that the Sex Pistols sprang full grown, outrageous and defiant but, behind the scenes, the realisation of one man's imagination.

Gary Oldman and Chloe Webb as Sid and Nancy

Like stars before and after him, Sid Vicious became the most famous Sex Pistol because he died. When Nancy was found stabbed to death in a New York hotel room it was clear enough that Sid had killed her. But he too was dead of an overdose before his trial could get to the facts.

Was it some fuddled drug-induced accident, the result of a violent quarrel or, as the film suggests, a botched death pact between a couple grown too hopeless ever to see what it was they had lost? This is Cox's territory. Not the history of Punk, not the story of the Sex Pistols, but the most curious love story of the decade between two heroin addicts, neither very bright or stable, who captured the imagination of a generation at the time that they died. Like the social group they embraced, their lives seem empty and uncentred—a huge dramatic problem that Cox has dealt with in a surprisingly episodic way.

How Sid Vicious became the exasperating, dim, occasionally sympathetic figure he was, we are never told. When the film starts he already has a kind of celebrity, Nancy is the groupie who thrives on his status, totally unambitious on her own account. Bonded by their shared heroin addiction and an odd symbiotic support system, the two are soon a steady item and Nancy becomes Sid's barrier against the world.

Against a decor of smashed furniture, spray-painted walls, and the vomit stained floors of London, Paris and New York the film observes their squabbles and reunions and the growing death wish that Nancy tries to share with Sid. In the end, Cox surmises, she almost had to force his hand, and her death removed his only support, leaving Sid to take his own life. By her own lights Nancy Spungen achieved her ambitions when she became the consort of Sid Vicious. What he might have achieved under other circumstances we'll never know because he was, against all the odds, a charismatic performer.

Perhaps the reason why it is so hard to define one's reactions to *Sid and Nancy* is a mark of its success; it is in itself nihilistic and uncentred, the last Punk film. Competently made with occasional flashes of visual poetry among the rather sanitised squalor, one can't say that the film is a failure but merely that it fails to engage the emotions. However caring Cox is of his protagonists he cannot make them matter to his audience. Nor has he succeeded in drawing a very strong picture of their times, that pre-Thatcher period that seems quite vibrant, in retrospect.

The film's strengths lie in its performances, especially Gary Oldman as Sid Vicious who achieves a surprising physical resemblance and invests him with a humour and occasional endearing moments. Chloe Webb gives Nancy the intermittent bursts of strength that sustain the couple and lifts some kind of personality out of the strident, whining, largely uninspired girl.

There is also a too brief appearance by Edward Tudor-Pole, a.k.a. Tenpole Tudor, who appeared in that other Sex Pistols film *The Great Rock and Roll Swindle* and more recently was a magnetically moronic Ted in *Absolute Beginners*; both directed by Julien Temple. Maybe a little more of Temple's cynicism and sense of the surreal would have made this less of a cool soap opera and more an enlightening commentary. If anything, society has deteriorated for the kind of youths who were embracing Punk back in 1979, but Cox has not found a way of saying it and thus providing the thrust that this slight and enigmatic story needs.

Probably Sid and Nancy should have been allowed to rest in peace; the film has little explanation of them beyond confirming and exposing the inborn emptiness that rendered them helpless against the world they found themselves in and, ironically, came to symbolise.

Define the market, manufacture the product, that is how the Sex Pistols originated and how the Care Bears must have been conceived. The Care Bears, stars of film and TV, were born not just to be loved but to be bought, on anything from pyjamas to paddling pools. Their films seem designed to sustain interest in the merchandise rather than as events in themselves; every Care Bear story is much like another, with the benevolent and loving bears fighting evil and delivering rebellious children from temptation.

They represent the gross sentimentality of greetings cards and sticky labels that could well trigger a massive revolt when today's toddlers grow up and overdose on the candy floss. There's as much cynicism behind this genre as there ever was surrounding Sid and Nancy. *Care Bears Movie II—A New Generation* may be something to beware of.

For the age group caught between Punk nostalgia and fluffy whimsy there is *Karate Kid Part II*. Another sequel, another manipulative story, this one about an American teenage boy studying karate who gets involved in his ageing Japanese teacher's family feud and, of course, helps to solve it. Ostensibly teaching peace ("Karate is for defence only"), the story provides sufficient opportunities for the young hero to wipe the floor with his enemies without straining his conscience.

With these films as alternatives the prospect of *Sid and Nancy* improves. At least it is about real people, however alien their lives. They lived in a world already strangely remote, where contrived sentiment was recognised as just that; now it masquerades as the truth.

Royal Exchange's 10th anniversary season

Manchester's Royal Exchange announced plans for its 10th anniversary season. Four world premieres are included in the season which runs from September until August next year.

Rex Harrison returns to the British stage in *A Far Country*, a new play by the journalist Bryan Rostron. This work came to the theatre's attention as a result of the Mobil Playwriting Competition, as did two of the season's other world premieres, *Woundings*, by the local author Jeff Noon, and *A Wholly Healthy Glasgow*, by Iain Heggie. The fourth premiere is a new adaptation by Gerald McLarnon of Dostoyevsky's *The Idiot*.

The actor Ian McDiarmid is appointed associate director.

I'll Go On/Riverside Studios

Michael Coveney

The title is the last phrase of *The Unnamable*, the last book of Beckett's prose trilogy from which Barry McGovern and Gerry Dukes of the Gate Theatre, Dublin, have selected a 90-minute programme. As in the trilogy, the evening's progress is one of disowning identity: the first person narrator sees off Molloy, Malone and the rest and is left a near naked conduit of a torrential word storm of the sort familiar from the stage works.

The denial of ego is at the egotistical centre of Beckett's art and the great delight of Mr McGovern's solo performance is the acknowledged ludicrous pomposity of it all. "Birth was the death of him" begins another Beckett monologue and it sums up the comic rage against mortality in all the work. Mr McGovern is an electric actor whose saintly stoop, shaven head and blazingly vampiric mien suggests a mating of Christopher Lee and Steve Ovett.

Barry McGovern

Alastair Muir

The first hour assembles the comic highlights of the first half of *Molloy*, recounted by this skinny tall tramp in a long greatcoat (lined with old copies of The Times Literary Supplement, material of suitably impenetrable stuff) on his way to visit his mother. The pleasures of the bicycle are celebrated even by a cripple such as Molloy, who has one stiff leg and the other stiffening; next, his brush with the police, his accident with a dog, its subsequent burial, and the great set-piece of the stone-sucking routine on the seashore.

This is the mathematical pay-off to the earlier recounting of farts, estimated by Molloy to number no more than four every 15 minutes, that is not even one every four minutes, which is nothing to speak of ("Extraordinary how mathematics help you to know yourself"). The 16 stones are transferred by rote from one pocket to another, their complex molecular system causing Molloy to perform juggling acts bordering on the calculus. After many minutes of this: "But deep down I didn't give a tinker's curse."

Molloy is, above all, a great comic novel, precursor of Flann O'Brien who developed the theme of policemen and bicycles. In the half-hour after the interval, Mr McGovern, raiding *Malone Dies*, is laid out on a slab in a nightshirt. He doubts he will hold on until the Transfiguration and will die tepidly, without enthusiasm. He touches on Sapo and Lambert the pig slaughterer, but the resonance has gone (not much point in having Sapo without the wonderful MacMann, his older self, the geriatric copulative in Saint John of God).

The slow preparation for death involves an evacuation of the memory, but the memory refuses to take orders. His living state of decomposition accelerates into a quick 15-minute topping and tailing of *The Unnamable* (known to some as "The Unreadable" and perhaps to Mr McGovern as "The (mostly) Unplayable"). In the cycle of life, some people have all the luck, born in a wet dream and dead before morning.

Beckett's landscape dwindles from his imagined experience in Ireland to a head stuck in a jar. Colm O'Briain's production places the actor before six angled translucent screens on which a neon border lights up at portentous moments. This is a little too neat for my taste, though I salute the designer, Robert Ballagh.

Mr McGovern starts, pre-Molloy, with a mocking invitation to us to leave, warning us it might be worse elsewhere. So it might be, but it could hardly be better. This is a transfixing occasion, a living demonstration of Beckett's genius for meditative mutilation through comic, obsessive artistic refinement. The speaking voice, as Mr Dukes so aptly puts it, becomes the voice speaking. And the sound is an accurate summary of Beckett's creative panic.

Jane Eyre/Chichester

B. A. Young

To present the events of Charlotte Bronte's novel in the order that she presented them would involve a tedious beginning to a play. Peter Coe has ingeniously shifted them about to ensure that there is never a long period in any of the duller regions, such as Lowood Orphanage, without a reference to some other scene that adds a counter-theme in the mind.

Jane Eyre (Jenny Seagrove) first arrives, destitute and incognito, at the house of St John Rivers and his sisters. Conversation with that sympathetic family takes her back to Mrs Reed's, where as a 10-year-old she is pleasantly played by Rachel Davy; and from there to Lowood, under the iron rule of Mr Brocklehurst (Gordon Gostelow).

Her first association with Rochester (Keith Michell) is told as a narrative to St John Rivers (James Wilby). It leads with increasing drama to the interrupted marriage, and Rivers disappears, for it would never do to have him lurking on the touch line, watching the colourful happenings at Thornfield Hall.

When Jane walks out on Rochester, after discovering his existing marriage to the mad Jamaican Bertha Mason (whom we hardly see), ehe finds Rivers waiting in the wings, and their unfilled association follows until the moment, which Rivers has unfairly held in reserve; when he tells her that Thornfield has been burnt and Rochester is blind. She seeks out her true love once more, and this time there is no barrier to a happy marriage.

Keith Michell and Jenny Seagrove

Alastair Muir

It is a long time since I read the book but it never seemed so entertaining as it seems in this form. Charlotte Bronte's dialogue, which is little changed in manner ("What mortal event has taken place?") is sometimes positively lighthearted, seeded here and there with some quite good jokes on Jane's part.

Jenny Seagrove cannot succeed in looking plain enough for Jane, whose plainness is emphasised throughout the story. But she keeps a cast-iron control of her expression, both fecial and vocal, maintaining a lack of outward emotion until the last scene, where she is able at last to declare her love for Rochester. But even here she cannot resist e joke in her old manner. "Am I hideous?" Rochester asks pathetically. "You always were," she assures him.

Keith Michell plays Rochester with a touch of melodrama which suits the part well. There is a barely-concealed touch of arrogance in his account of his affair with the French dancer; there is conscious pride in his new persona as a blind man. If Miss Bronte wanted pathos in this scene, she has been betrayed; but it is justified by the consistency of Mr Michell's playing.

The production, which Mr Coe himself directs, breaks out into elaboration here and there to an extravagant degree. We see all the children at Lowood on parade, when we only need two, Jane and Helen (Naomi Paget). The party from the Leas opens with a polka and continues with games at which Anthony Mendleson has had a good time with his costumes. Miss Ingram (Lynn Clayton) is e charming girl, but she would never have done for Rochester, with her tireless frivolity.

Raymonda/Covent Garden

Clement Crisp

From its first performance in 1898, Raymonda's libretto has been acknowledged as foolish: Benois wrote of "the absurdity of the subject, of which nobody could ever make head or tail." From its first performance too, Glazunov's score and the elderly Petipa's choreography (he was nearly 80 when the ballet was staged) have been acknowledged as masterly. Later producers have tried to ignore or circumnavigate the narrative, or even to accept its intrigue of Saracen menace to the fair Provençal aristocrat engaged to a Crusader knight, with the late appearance of King Andrew II of Hungary as an excuse for a final Hungarian divertissement.

Now Yury Grigorovich, in his recent revision of the ballet, seen in London for the first time on Wednesday night, has made slight changes in the dramaturgy, but has thereafter followed the old plot, understanding that the story is the merest excuse for a feast of dancing—which his company gives us in superabundant splendour.

Do not seek in this staging for dramatic profundity, or even much logic. Grigorovich respects throughout the supremacy of the classic style, and the production traditions that allow us to enjoy that style. In Simon Virsaladze's high-striking gaudy settings, the characters are dressed either as historically credible courtiers or as dancers: it is exactly this anomaly which disturbed Mikhail Fokine when he made his debut in the ballet in the 1890s, but nearly a hundred years on, it matters not at all. The dance is the thing, and the dance dazzles us.

The text, so much of it by Petipa, wing bright and clean in this rendition, and whether the illustration of an action that can, for instance, fill the stage with 32 nocturnal sprites, their evolutions are beautifully patterned and formally exact, framing variations that sing of the harmony of the classic manner.

Some of the choreography is also owed to Alexander Gorsky's revision of Petipa at the turn of the century, and Grigorovich has done something to fill out the role of the Saracen villain, Abdérame. But what we see in effect is one of the masterpieces of Russian ballet lovingly and sensitively staged by a man who knows that to tamper, even with dramatic fatuities, is to start to destroy the essence of the old ballet.

So we sit back and gorge on the dancing: on outstanding soloists in the secondary roles of confidantes and troubadours—Maria Byleva and Tatyana Golikova; Yury Posokhov and Andris Liepa; on variations in the vision scene ravishingly done by Nina Ananiashvili and Nina Semizorova; on dashing Spanish, Hungarian and Saracen dances; on a perfectly matched quartet of men in the celebrated pas de quatre in Act III, and on Alla Mikhalchenko skimming through a variation in the same act. And above all we see Lyudmila Semenyaka as Raymonda.

Semenyaka is that rarest being, a true *pur sang* classic ballerina. The academic dance, with all its phenomenal difficulties and no less phenomenal beauties, is her domain. She rules it with a gentle, radiant assurance. Not, I suppose, since Irina Kolpakova's first Aurora in London with the Kirov Ballet in 1961, have I seen a dancer who so eloquently displays the resource and power of the classic language to excite and move the viewer.

Semenyaka, in her early 30s, is blessed with an ideal physique and ideal training. She dances, and every line of harmony, placing, clarity, is honoured and enhanced. Every pose speaks of nobility—she is as thrilling when taking a position as when in full flight—and every enchainement is set out with a graciousness, an inevitability of phrasing and an essential dignity, that speak of an artist unique in our time.

The role of Raymonda offers little in matter of *dramatics*. The drama in Semenyaka's reading lies in the way she illuminates the least nuance of the choreography, from the voluptuous unfolding of her line in perfect legato phrasing for the *valse lente* variation of the Vision Scene, to the vivacity and sparkle of accent with which she can light up a simple entrée.

In the celebrated cimbalom solo of the last act we witness a glorious command of effect possible only to a true prima ballerina, dance and music inhabiting her body and poured out in grandeur for our delectation. And everywhere a noble simplicity, an essential decorum that is the sign of classic art in any medium. Semenyaka is a great dancer entering on the high summer of her art, and we are privileged to see her.

Her partner, Yury Vasyuchenko, as Jean de Brienne, is an honest performer and a sure partner. The Abdérame, Andrey Shakhin, strikes all the proper *attitudes* of Saracen lust and menace with intensest Bolshoy fervour. *Raymonda* may not be the most logical work that the Bolshoy will show us, but in Grigorovich's presentation, and in Semenyaka's and the company's performance, it speeks with profound seriousness about Soviet Ballet's love and understanding of the classic dance.

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PARIS

Maurice Gendron, cello, David Braslawsky, piano: Beethoven, Bach, Faure, Debussy (Mon 7pm). Auditorium des Halles, 5 Porte Saint-Eustache.

Jean-Claude Pennetier, piano: One Hour with Ohana (Tue 6.30pm). Auditorium des Halles.

Contemporary Choir conducted by Roland Hayrabedian: Ohana (Wed 8.30pm). Auditorium des Halles.

Male Choir Ferenc Liszt conducted by Andres Toth, Gabor Lehotka, organ: Liszt Requiem (Thur 8.30pm) Saint-Merri church.

All these concerts are part of the Paris Festival Estival (47 64 90 90). Taped information round the clock in English on 47 20-88 98.

NEW YORK

New York Philharmonic: Free concert of works by Weber, Liszt and Brahms conducted by Gunther Herbig and James Conlon will be performed on the Great Lawn in Central Park (Mon) and Marine Park, Brooklyn (Tue).

WASHINGTON

Summer Festival (Concert Hall): Highlighted by a visit from the Newport Folk Festival in August, this summer-long string of popular singers and musicians includes recital performances from Neil Sedaka, Shirley Bassey, Dionne Warwick and Petula Clark. Ends Aug 27.

CHICAGO

Ravinia Festival: Misha & Cipa Dichter piano recital. Mozart, Saint-Saens, Liszt, Schumann, Copland, Infante (Mon); Winton Marsalis trumpet with David Murray Octet jazz recital (Tue); Chicago Symphony conducted by Edo de Waart with Heinz Hollinger oboe. J.S. Bach, R. Strauss, Dvořák (Thur). Highland Park. (728 4642).

Exhibitions

WEST GERMANY

Düsseldorf: Kunstmuseum, Ehrenhof 5: Otto Pankok (1893-1966). The Passion: 60 huge charcoal drawings by the German expressionist covering 1933-34. Ends Oct.

Essen: Villa Hügel: The chairman of Krupp, Dr Berthold Beitz, who is also head of the private Ruhr cultural institute, was the moving force behind this exhibition, helped by Mr Erich Honecker, the East German leader. The Villa Hügel, 114 years old, has been redecorated for the exhibition. This is the first show organised by the institute, founded three years ago on the initiative of the Krupp Foundation. The treasures from the period 1694-1733 of great Electors are on loan from Dresden's state cultural collections. The eight royal collections are presented separately with characteristic master works. There is also one of the oldest and most complete coin collections in the world and a huge collection of arms and copper engravings by Boucher, Chardin, Piranesi and Tiepolo. The picture gallery includes works by Titian, Poussin, Velasquez, Rubens, Rembrandt and Cranach. Ends Nov 2.

LONDON

Hayward Gallery: Dreams of a Summer Night – an exhibition of painting at the turn of the century in the five Nordic countries, organised by the Arts Council and the Nordic Council of Ministers. It proves to be an important and intriguing exercise in critical reassessment, for though many of the painters enjoyed a certain contemporary fame abroad, they were with one great exception all but forgotten in the years after the first world war. Munch was that exception, and the chief value of this exhibition, which throws a fresh light on his work, is the demonstration that he was no arbitrary phenomenon but the notable product of a distinctive national and regional character. Ends Oct 5, then Düsseldorf and Paris.

The Tate Gallery: Oskar Kokoschka — a major exhibition to mark the centenary of the Austrian survivor of the great age of expressionism before World War I, who died only in 1980 at the age of 94. He continued to work long into old age, by which time the sometime radical, ex-cavalryman in the Austrian Emperor's army had been long confirmed in the Establishment, a Swiss resident for nearly 30 years and British citizen for nearer 40. This full retrospective confirms that the young painter, fresh from his studies in Vienna in the mid-1900s, was an artist of vision and true genius. Ends Aug 10.

BRUSSELS

Ghent: Chambres d'Amis, 51 international artists showing in 51 private houses. Tickets, map etc from Modern Art Museum, Ghent (091/21 1703). Ends Sept 21.

PARIS

Medieval art in Paris: The abbots of Cluny built their magnificent late gothic town house in the heart of the Latin Quarter on three-blackened ruins of Roman baths. Now a museum, it houses medieval works of art: goldsmith's work, carved altar pieces, ivories, fabrics, with two English royal standards embroidered in gold on red velvet. In a rotunda of its own is a set of the Lady and the Unicorn tapestries – an allegory of the five senses, one of the masterpieces of mediaeval art. Musée de Cluny, 6 Place Paul-Painlevé, Métro Odéon.

Picasso Museum. The 17th century Hotel Salé, sumptuously restored, provides a fitting home for the world's largest collection of Picasso's work. It comprises 203 paintings, 158 sculptures and more than 3,000 *drawings and engravings*, 16 collages and 88 pieces of ceramics. It is completed by Picasso's collection of *paintings by his friends such as* Braque and Matisse, or by artists he admired, Renoir, Cézanne and Douanier Rousseau. Musée Picasso, Hotel Salé, 5 Rue Thorigny, Paris 3 (42712421). Closed on Tuesdays.

SPAIN

Madrid, References and Identities. An encounter of prestigious international artists welcoming the inauguration of a new art centre in Madrid: Centro Reina Sofia, Santa Isabel 52. Ends Sept.

Madrid, "Monsters, Dwarfs and Buffoons in the Court of the Austrias. Superb collection of painting by Ribera, Velazquez, Carreno, Verones, Mazo, Antonio Moro, Sanchez Coello, Sanchez Cotan. Grouped together to show the splendid donation by the Fundacion Bertran to the Fundacion Friends of the Prado Museum: Juan van der Hamen's "Portrait of a Dwarf", XVII century. Prado Museum, Edificio Villanueva, Paseo de Prado. Ends Aug 30.

ITALY

Venice: Palazzo Grassi: Futurism and Futurisms: Fiat opens its art centre on the Grand Canal with the largest exhibition to be devoted to the Futurist Movement, a movement born in Italy, and the first to exalt technology, and to try to convey speed on canvas. More than 300 works have been lent. The paintings are mainly from 1909-18, but there are also sections devoted to literature, theatre, music, architecture, fashion and furniture, showing futurism's influence up to 1930. Ends Oct 12.

Florence: Palazzo Pitti (Sala Bianca): Mary Magdalene: Saint and Sinner: An inspired exhibition based on the contrasting aspects of the character of Mary (who symbolises both sin and redemption) as seen by artists as diverse as Titian (the glorious Mary Magdalene of Noli Mi Tangere) to Guttuso and de Chirico, via the gloomy and often despairing figure of many of the 19th century paintings. Ends Sept 7.

NETHERLANDS

Utrecht, Catharijneconvent. The legends and facts surrounding the life and voyages of St Brendan, the 6th-century 'Irish Odysseus', are examined with the aid of fancifully illuminated manuscripts and early printed books. Ends August 10.

Amsterdam, Rijksmuseum: Impressionists and their contemporaries in an exhibition of 140 French prints spanning the period 1860–1900, including foreign artists who made Paris their spiritual home. Ends Sept 7.

Amsterdam, Royal Palace: This year's summer exhibition is devoted to the work of Jacob de Wit, an 18th-century Dutch artist likened in his day to Titian, specifically to his vast painting of Moses selecting the Seventy Elders – which lines one wall of the Council Chamber – study drawings of which are now on display below the canvas. De Wit excelled in his *trompe l'œil grisailles* imitating stucco and sculpture, to be seen in this Chamber and the adjoining gallery. Ends Aug 31.

WASHINGTON

National Museum of American Art: 68 Pueblo Indian watercolours from between the world wars recreate the ritual animal dances among other disappearing tribal customs. Ends August 17.

National Gallery: The first major retrospective of the works of 19th-century American landscapist George Inness traces the artist from the early influence of French Barbizon landscapes through the development of his own soft naturalism with dramatic skies dominating rolling terrains. Ends Sept 7.

NEW YORK

Museum of the City of New York: Arbit Blatas's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15.

Picasso Sketchbooks (Pace Gallery): Opening a 14-city international tour, the 200 drawings, water colours and notes from 45 of Picasso's 175 cahiers give insights into the artist's methods and preliminary work on such famous paintings as Les Demoiselles d'Avignon, Rape of the Sabines and Mother and Child. Ends Aug 1. 57th E of Madison.

CHICAGO

Art Institute: Famous as a fashion photographer, Richard Avedon undertook a five-year project to capture the American West in the tradition of nineteenth-century photographers such as William Henry Jackson. The results are "e fictional West", Avedon claims, with outsized portraits of Americans ranging from a rattlesnake roundup to county fairs. Ends August 3.

Art Institute: Treasures of Japanese Buddhist Art, the only showing in the Western world of works from the great Todaiji Temple in Nara, Japan, includes 151 statues, handscrolls and intricately designed lacquered objects from the largest wooden temple in the world. Ends Sept 7.

TOKYO

Okura Shukokan Museum: Sculpture and paintings from China and South-East Asia from the museum collection. Okura Hotel. Ends Aug 24.

Edo Period Objects: Specially selected as examples of good Japanese design, these are objects for everyday use from the Edo period (17th–19th century). Nezu Museum, near fashionable Omotesando, an interesting museum in its own right with beautiful garden and moon-viewing house, making the grounds one of Tokyo's few green oases. Ends July 31. Closed Mondays.

European Music Festival

Richard Fairman

This was to be, as the multilingual festival booklet told us, a "one of a kind" festival. Nor was that an idle promise, as it turned out. Few recent festival events can have had *so little* advance publicity as this or been so disorganised: there were no individual programmes for Wednesday's concert and, 20 minutes after the starting-time, there was still no orchestra. It looked as though we were about to get no kind of a festival at all.

The performers, when they *did* arrive, came from the festival's three host countries—Poland, West Germany and Great Britein. They have already given Beethoven's Ninth Symphony in Berlin. Warsaw had a performance (Poland's first) of Vaughan Williams's *Sea Symphony*. In London, at the Festival Hall, both symphonies came together in one concert, though whether this was a good idea, either for the audience or the performers, must be open to question.

Both works are taxing, especially for the chorus. Here the combined forces of the Choral Arts Society of Philadelphia and the Malcolm Sargent Festival Choir were clearly being pushed to their *limits* even before the Beethoven had run its course: intonation was suspect and ensemble rarely more than adequete.

A grealer degree of confidence could be placed in the Warsaw National Opera Orchestra. This *might* not at any point have seemed more than a well-drilled opera-house ensemble, but they did sustain a good internal balance and the horns have a clearly defined, typically East European tone. Robert Satanowski, their resident chief conductor, led a performance of the Beethoven that moved with an easy, ongoing flow that sapped many of the most powerful moments of their impact.

FINANCIAL TIMES
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Friday July 25 1986

The end of the affair

"WESTLAND," says the report of the House of Commons Defence Committee published yesterday, "is a relatively small company."

"Even in view of the substantial problems which the firm faced," the report goes on, "it would have been reasonable to expect the Government to have had no difficulty in agreeing and implementing its policy towards Westland—especially given the Government's stated principle that the company should be free to decide its own future." This principle of self-determination in the Westland context had been re-stated in the Commons by Mr Geoffrey Pettie, Minister for Information Technology, as late as July 8 1985.

As we learnt shortly afterwards, reasonable expectations turned out to be spectacularly wrong. Westland caused probably the biggest single embarrassment to Mrs Thatcher's administration, culminating in the loss of two Cabinet ministers. It contributed to a failure of nerve on other more important matters, such as a possible deal between General Motors, Ford and BL, and the retreat on the Shops Bill. Perhaps even now the Government has still not fully recovered its self-confidence. It emerged with egg all over its face.

Three points stand out. The first is that the Government needs to have clearer objectives for its industrial policy. In principle, it is non-interventionist but in practice that does not always work out. In the case of Westland it pursued a kind of half-way house, sometimes seeming to intervene strongly, sometimes not. In the case of Leyland and the possible US partners, it simply backed off at the first sign of political resistance. There is a lack of consistency.

Best arrangement

The second point is that Westland was never a clear-cut case. Mr Michael Heseltine, then the Defence Secretary, presented it as one of those classic decisions where Britain had to choose between going with Europe and going with the US. It was no such thing. Westland itself is a British-based company, and therefore European. It has a long history of co-operation with the US shareholder, United Technologies, and its aircraft division, Sikorsky. The workforce wanted to keep it that way and the Italian company, Fiat, came in as a partner.

There is, in any case, overcapacity in the European helicopter industry and, as the report of the Defence Committee points out, the industry does not offer a full range of helicopter types. It was not a question of Europe versus the US but of finding the best arrangement at the time. Probably the Government would have preferred a European solution; it did not seem to be available. Another European country, France, has never shirked from going for an American solution when it seemed the best on offer.

Greater detail

The combination of a small company, the Government's uncertain intervention and Mr Heseltine's determination to go European led to the third point: the breakdown of the government machine. That there was such a breakdown can scarcely be denied. Indeed, yesterday's report probably under- rather than over-states it. Ministers ceased to behave rationally. Meetings were planned but not held. Mrs Thatcher seemed to lose interest. And it was the Christmas holiday period when not too many people were in London to pull the pieces together: Viscount Whitelaw, the deputy Prime Minister, for instance, might have done a salvage job but was out of touch.

When there is that amount of discord and disorganisation at the top, it is not surprising that it spreads downwards — to the officials and the press spokesmen, the leaks and counter-leaks and all the allegations about who said what to whom. All that has been raked over before. The report does it again in greater detail. It does not come to many firm conclusions — and rather curiously makes no attempt to list them — except that the whole affair was a shambles. It was.

One of the lessons is that the Prime Minister must keep a grip on what the Cabinet colleagues are doing. She should have learnt it by now. That, we hope, is the end of the affair.

A bold plan for Brazil

PRESIDENT Jose Sarney of Brazil can no longer be underestimated. He is emerging as a man with a vision, and someone willing to take bold, imaginative decisions.

Few believed he possessed the political courage to introduce the Cruzado Plan in February which was a radical attempt to curb hyperinflation through de-indexation of the economy and the creation of a new currency. This week he has surprised yet again by opting for a highly ambitious and controversial economic package to back up the Cruzado Plan.

On his own account, he intends to tackle nothing less than the historic imbalance of wealth and development that has divided Brazil into two societies and two economies—a wealthy elite and a privileged middle class running a dynamic modern sector, while the vast majority are living in conditions of severe Third World poverty.

This is both a laudable objective and a necessary shift of emphasis. The previous two decades of military-backed rule successfully stimulated rapid industrialisation and established the basis of a modern diversified economy.

Debt crisis

However, the hope that rapid growth and industrialisation would have a filter effect on the formation of wealth, espoused by politicians like Delfin Neto, has not materialised. On the contrary, the gap has tended to widen. Between 1970 and 1980 the share of national income going to the already poor half of Brazil's 130m population declined by a third; and since then the phenomenon has been accentuated by the debt crisis. Furthermore, the drive to secure export earnings has prejudiced domestic food supplies, which has also affected living standards of the under-privileged majority.

Wednesday's measures combine a tough fiscal package, raising the equivalent of an extra 10 per cent of GDP, and a three-year development plan. Significantly there has been no mention of external finance or reference to the International Monetary Fund, indicating the Brazilians' preference to find their own solutions.

The extra funds will come mainly from compulsory loans on consumers in the form of higher prices for luxury goods and such items as cars, petrol and alcohol fuels, to be repaid subsequently against tax returns. The development plan, known only in outline, is designed to promote badly needed long-term investment, reduce the debts of state sector companies and encourage a wide range of agricultural, infrastructural and social welfare programmes.

Mr Sarney can justify the fiscal measures by the need to dampen the consumer boom encouraged by the de-indexation of the economy and to ensure that public sector borrowing requirements are cut. But these measures are bound to be highly unpopular among the better off, who will see them as a crude attempt to punish the rich and help the poor.

Quantum leap

If Mr Sarney is to overcome political opposition, he must demonstrate in concrete terms that the cumbrous state bureaucracy is made to function more efficiently and that the money being scooped out of the pockets of the privileged is being properly spent. As it is, Mr Sarney risks being branded as a populist by the articulate business communities in Sao Paolo and Rio, which are liable to have a major influence in the November elections for a constituent Congress.

Politically, Mr Sarney is vulnerable because his own party base is weak and those on whose behalf he is acting (he refers to them as "the people") have no organised voice. He thus risks raising popular expectations only to find them blocked by a future parliament he cannot control. A foretaste of this has already been seen in his retreats over the emotive issue of land reform.

Nevertheless, Mr Sarney's package deserves a fair hearing; and those who oppose him should realise that, if the country is to make the quantum leap into the first world, sooner rather than later the question of the two Brazils has to be tackled head on.

Mexico's IMF agreement

The tough part is yet to come

THERE WERE lashings of icing on the cake for Mexico when it signed up again with the IMF on Tuesday. Uniquely, the Letter of Intent for the new, growth-oriented 18-month programme was signed on "national territory," the Mexican Embassy in Washington.

And a passage in the speech of Mr Jacques de Larosiere, the Fund managing director's, referring to Mexico's "full exercise of its sovereignty" in agreeing to the economic reform programme — could almost have been planted by a Mexican Government speech writer.

It was just the sort of phrase Mexico's state-regulated editors snatch for their eight column front page headlines, and so it proved. Mr de Larosiere's reference was transformed into a personalised endorsement of President Miguel de la Madrid's "sovereign programme."

This all-important nationalist front aside, Mexico's financial and political authorities believe that they have wrung concessions of substance from the "theologians" of the IMF after nearly ten months of sometimes acrimonious negotiation.

But equally, they are conscious that the real battle over Mexico's $97bn foreign debt begins now, as they seek debt service concessions from their commercial bank creditors to compensate, at least in part, for this year's 60 per cent drop in revenues from oil, Mexico's main export earner.

A good deal of the fast-fading credibility of Mexico's de facto one party regime, run for 57 years by the Institutional Revolutionary Party (PRI), hangs on the perceived success of this new round of talks, kicked off at a Manhattan hotel on Wednesday with a presentation by Mr Gustavo Petricioli, the Mexican Finance Minister, to some 50 creditor banks.

The landmark agreement with the Fund, which allows a start to be made on restoring growth while structural economic reform gets under way, meets Mexico's central requirement.

It will provide compensatory finance should oil prices fall below $9 (the average price of Mexican oil in June was $9.43 a barrel, down from $23.75 on January 1). And it has freed Mexico from the requirement of meeting an unrealistic deficit target for this year. Instead, the IMF will accept a measurement of the deficit which excludes the impact of high domestic interest rates.

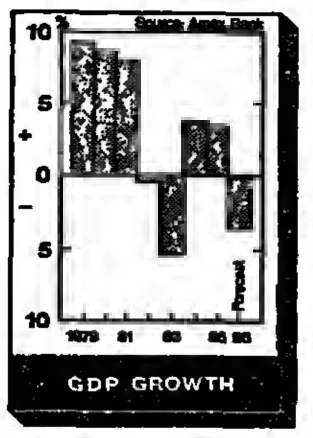
The Fund had originally sought to hold Mexico to its target deficit of 5.1 per cent of GDP, set before the oil price collapse. A deficit of 13 per cent now seems likely.

Under the new deal, the deficit will be reduced by three percentage points in 1987. It is not known whether a level has been agreed for this year.

In addition, the World Bank is to become more involved in financing the costly process of structural adjustment, and in particular the further liberalisation of imports and reduction of the size of the public sector, the benefits of which are more medium than short term. The IMF agreement itself is worth over $1.6bn, while the World Bank is to commit $1.9bn, or nearly twice previously discussed funding.

Further compensatory funds for public investment will be released automatically, Mexican officials say, should the Government's "minimum growth" target of 3 to 4 per cent of GDP for 1987-88 not materialise by the end of the first quarter of next year.

Domestically, this deal is a saleable political commodity. The growth target is modest compared to what Mexicans are used to: an average 6.6 per cent per annum from 1940 to 1981. But since the 1982 financial collapse Mexico's national output will have contracted overall by 4.7 per cent.



GDP GROWTH

'The agreement allows a start to be made on restoring growth while structural economic reform gets under way'

The IMF, which has been vilified domestically since the harsh 1983-1985 austerity programme, has been seen to give in.

The crucial question remains, will the IMF concessions be enough by themselves? Does Mexico truly need nothing more now than an orthodox, short-term bail out involving some $7bn from the banks on business-as-usual terms? Or will the Government bow to popular pressure and demand concessions from its creditors to reduce the cost of servicing its foreign debt?

Formally, the Government, the PRI and the trade unions it largely controls, employers' organisations, the Church, and the opposition (both left and right), all say that more is needed.

Publicly, the Government has repeatedly insisted on the need for concessions which would, as President de la Madrid said in his broadcast message to the nation on February 21, "adjust the financial terms of the debt service to the country's real capacity to pay."

Mr de la Madrid, an innate conservative, seems to have painted himself into a corner over the issue of debt service concessions. He has explicitly ruled out, for instance, either borrowing the entire $6bn shortfall in oil revenues, or compensating with more domestic spending cuts, or a combination of both.

It could do serious political damage for a man widely viewed as weak and indecisive—jeered by a 100,000 crowd at the opening World Cup game, manhandled last September by relatives of earthquake victims angry at the Government's fumbling response to the emergency — to renege on or try to dilute a position taken so publicly.

His government has already failed to honour equally public pledges to hold clean elections, most recently this month in the combative northern border state of Chihuahua where the PRI used ballot rigging to shut out a challenge from the right. And he has failed to fulfil his main campaign promise to root out corruption.

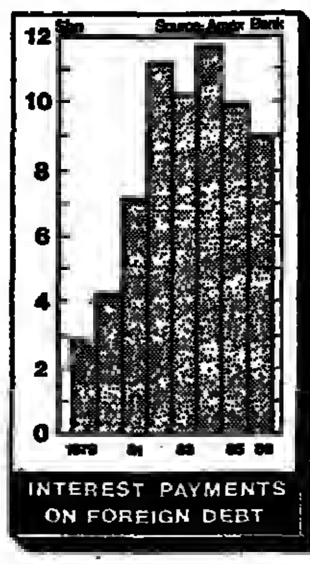
Mr de la Madrid is under pressure from the trade unions who again this week called for a repudiation of part of the debt. Their members—that half of the workforce in full time jobs—have seen real wages drop by 45 per cent and unemployment double to 16 per cent under this administration, which this month sharply reduced subsidies on staple foods and public transport. But their future depends on the regime and they are enjoying a variety of political favours. In the short term, government can and does ignore a weak and divided opposition. And business is likely to favour a deal involving new foreign loans rather than higher taxes, delays in supply payments and shrinking domestic credit.

Most observers of the regime believe the government would be foregoing a crucial opportunity to re-establish its credibility if it does not vigorously pursue its aims for concessions from its creditors.

Nonetheless, they foresee a conventional, short-term settlement rather than a radical new approach to dealing with Mexico's debt problem.

"Bankers have a functional tendency to think short term," says one senior PRI official, "which coincides here with the bureaucracy's chief concern: a smooth transition to a new administration (in 1988) in a (presidential) succession race which will be unusually difficult and which has long since begun."

David Gardner



INTEREST PAYMENTS ON FOREIGN DEBT

President Miguel de la Madrid

OIL EXPORT REVENUES

The game moves in the debtors' favour

AT LAST it is possible to say it with confidence. A realistic approach has been found to the Third World debt crisis.

What started as a daredevil game of poker — with the fates of governments and major banks to play for — has turned into a tense, but rational, chess match.

With the financial rescue plan unveiled on Tuesday by Mexico and the International Monetary Fund, the endgame of this contest is clearly under way.

The Mexican plan, with its decisive break from the deflationary adjustments which have traditionally been at the heart of all IMF programmes, should mark the start of a new, more constructive and stable relationship between the Third World debtors and the industrialised nations.

Why should the world attach such high hopes to a plan which is still a mere outline and which could founder so easily on any number of grounds—because Mexico's economic performance proved even more disastrous than expected, because commercial banks refused to provide their share of the financing, or because the world economy fell into a tailspin?

There is one over-riding reason. This plan is the culmination of a learning process for Third World governments, bankers and international economic officials alike which began at least two years ago—and it shows that world leaders are flexible enough to learn from experience when required.

As the world economic recovery began to slow from mid-1984 onwards, doubts multiplied about the durability of the initial emergency response to the debt crisis, which treated the debtors' difficulties as short-term liquidity problems. At the same time, it gradually dawned on the world that the balance of power in the international debt relationship was tilted in the debtors', not the bankers', favour.

With one debtor country after another rejecting IMF surveillance—and in some cases, such as Peru and Nigeria, imposing unilateral limits on their debt payments—it was becoming clear that attempts to force the debtor countries to adopt policies which they considered to be against their own interests would generally be doomed to failure.

However, with the IMF wedded firmly to its traditional philosophy of short-term deflationary adjustment in response to balance of payments problems, there seemed to be no alternative framework for debtor countries to negotiate economic policies which would be acceptable both at home and abroad.

This week's agreement with Mexico provides the first evidence that enough flexibility exists within the present negotiating system—and particularly within the IMF's doctrines—to agree on economic policies which reflect the tilt in favour of the debtors.

The agreement breaks new ground—and is bound to set new precedents—in the way that explicit objectives for growth and long-term structural adjustment have overshadowed the usual targets for tighter monetary and fiscal policies. Indeed, in conceding that a boost from higher public spending may be needed in 1987 if Mexico's economic growth is still flagging by then, Mr Jacques de Larosiere, the IMF's managing director, appears to have gone back on one of his most cherished personal convictions—that cutting public sector deficits and spending is usually the best way to achieve more rapid economic growth.

Meanwhile, another lesson was sinking in among the leaders of the industrialised nations, particularly in the US, where Mr James Baker had taken over as Treasury Secretary. Mr Baker recognised not only that further deflation was threatening political stability in strategically important Latin American countries, but also that it was imposing heavy costs on the US economy itself.

Between 1981 and 1984, the trade balance of Latin America moved from a deficit of $2bn to a surplus of $38bn, as debtor countries were forced to adjust their economies to make up for the collapse of foreign financing. This swing of $42bn was larger than the surge in Japan's trade surplus over the same period and it was US industry which bore the brunt of the new competitive threat.

The real importance of the Mexican agreement, therefore, lies not so much in its precise provisions, but in the new framework which it builds for future negotiations.

Within this framework there is much that could still go awry. Commercial banks may well refuse, at least initially, to come up with the $5bn-$7bn envisaged under the deal. The governments and central banks of Europe and Japan could baulk at the contributions to be made by them and their export credit agencies under the IMF agreement.

Most important, Mexico could demand further and costlier concessions from the industrialised nations and their commercial banks. Nothing in the present agreement imposes any losses on commercial banks or reduces Mexico's long-term debt servicing obligations. It may yet turn out that this is either economically or politically unrealistic.

If oil prices remain near their current levels for the rest of this century, or if the Mexican government fails to improve its economic management, the present approach, which simply defers repayments into the long-term future, may prove untenable — a part of Mexico's debts will gradually have to be written off.

The fact, however, is that all these dangers, and numerous others like them, loomed even larger before the Mexican agreement this week. Sooner or later any one of the players in the international debt game could have thrown in his cards in defiance of the rules by which the game has been played since 1982. Fortunately, a much more robust set of rules — which takes adequate account of the needs of the debtors as well as the creditors — has now been written.

No doubt there will be further setbacks and losses for all of the players in the future, but on the new basis, the game can at least go on.

Anatole Kaletsky

Men and Matters

Right banker, wrong bank

If he had been given the choice, Jean-Maxime Leveque would have preferred to have gone back to his old bank, the Credit Commercial de France (CCF) rather than be appointed this week as chairman of Credit Lyonnais, the second largest French commercial bank.

But Leveque, who was one of the 24 heads of French state companies due to be privatised named by the government this week, says Prime Minister, Jacques Chirac, pressed him to go to the Credit Lyonnais.

Leveque, aged 62, was widely expected to be given a major banking post by the right wing government. A champion of liberalism, and a crusader for denationalisation (he wrote a book called Denationalisation: a Manual), Leveque has fought vigorously against the nationalisation of his former bank, the CCF.

Once an economic adviser to General de Gaulle, and a man who decided last year to form his own political movement called UNIR, Leveque has always been outspoken. He is the first newly-appointed chairman to have already given interviews—in which he claims he will not arrive at the Credit Lyonnais, the country's oldest bank, with a precise plan for privatisation.

However, he suggests that privatisation is already on its way at Credit Lyonnais since 25 per cent of the bank's capital is already in private hands in the form of non-voting stock, which nationalised banks are allowed to issue.

Unlike some of his compatriots he does not seem at all worried about the prospect of *foreign investors participating* in the French privatisation process. Indeed, he welcomed their participation.

When he was chairman of CCF about 40 per cent of the capital of the French bank was held by *foreign shareholders*.

He now regrets that foreign shareholders did not own more than 50 per cent of CCF. It would then have been a "foreign bank," and would have escaped nationalisation in 1982.

"Are you sure you'll be able to find your way on your own?"

Hot spot

Summer in London has its uncertainties. But spare a thought for Britain's men in Baghdad. The British Embassy's central air-cooling system, which requires a constant supply of water, broke down several months ago, leaving the envoys at the mercies of the Iraqi summer in which noon temperatures regularly reach 48deg C (almost 120deg F).

It is the sort of challenge which traditionally brings the best out of British administrators. A committee has naturally been formed to consider the options. One is to re-bore an old well inside the embassy compound on the banks of the River Tigris. Another is to increase the supply from the local water main—though that option does not look too promising since the present system only just copes with supplying one tap with drinking water and two loos with flushes.

Meanwhile the chaps are responding magnificently. Upper lips remain stiff, if a trifle sweaty. Decorum insists that they still wear ties, but they have taken off their jackets. And one diplomat reports triumphantly that by using fans, he can reduce the temparture in his office to 40deg C (104deg F).

River view

WALES pushed the boat out in London yesterday. Taking advantage of the new relaxed rules about what may be done on the Thames since the demise of Ken Livingstone's Greater London Council earlier this year, the Wales Tourist Board has hired an 80 ft barge to broadcast the country's attractions for the rest of the summer.

The barge will trundle up and down the river, past the more obvious tourist attractions such as the Palace of Westminster and the South Bank with the message "Don't Miss the Boat — Book Your Holiday in Wales" in letters 15 ft high on its sides.

Chief executive, Paul Loveluck, was on hand at Westminster pier yesterday to launch the event in wine — Welsh, of course. "This is part of our campaign to create an awareness of Wales, not only among Londoners but also among overseas visitors to London," he said. "Too many of them go on the usual milk run of places, frequently overcrowded, without venturing into the most beautiful part of Britain."

The Welsh move has caught the opposition *napping*. Others will almost certainly follow the Welsh onto the water. "River advertising is not just a gimmick," Loveluck insists. "It's also a very cheap form of promotion. The barge will be used by the board for the next six weeks and only cost £16,000. One prime boarding site could cost us a lot more than that."

Who said the Scots were the canny ones?

Road worthies

In this right Royal week I do not see why this column should be left behind.

My sources reveal that the Queen *has* been very concerned about the paint used to decorate the road between Holyrood, Edinburgh, and Arthur's Seat, with a gigantic version of the Commonwealth Games logo.

The trouble with painting roads is that anything tough enough to take the wear is usually also very difficult to get off.

ICI has come to the rescue with a new invention called Tempro. This is a paint that breaks *down easily* when washed with a mild alkali solution—even washing-up liquid will do the trick.

The company has been able to reassure the Palace that the paint will not damage the paws of the *Royal Corgis* when they cross the road on their morning exercise during the Queen's stay in Holyrood.

Enlightened

Lasers and Applications, a California-based trade journal, has a senior editor called Bill Light. The magazine's managing editor is Susan Lamping.

Observer

THE MOST remarkable fact about the British Parliamentary session just ending is the way the beat went out of the debate about the economy and, especially, unemployment.

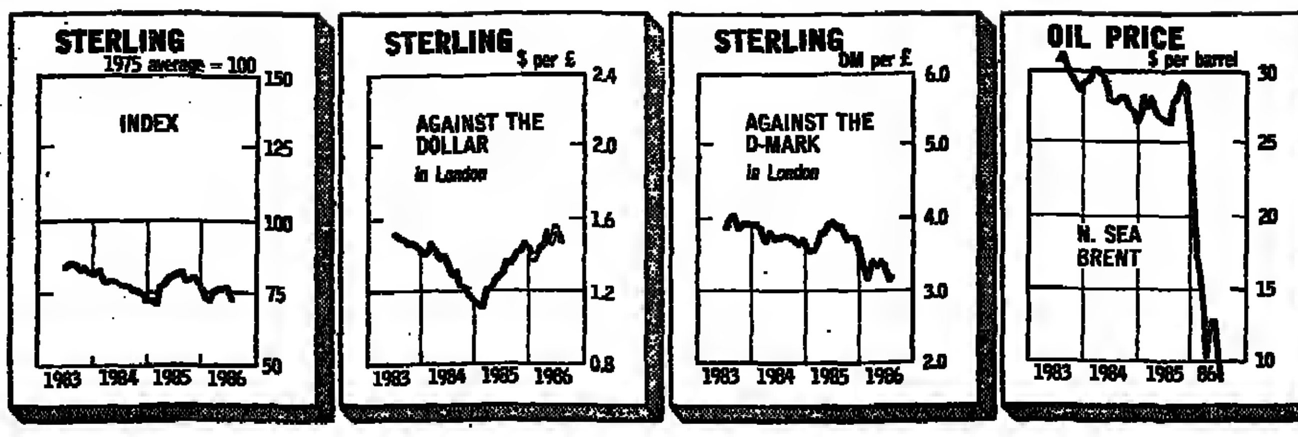
Westland, Leyland, South Africa, the Commonwealth, the Queen and, almost at the end of it all, a promise to abolish the dog licence. It begins to look as if the economy has ceased to be of widespread political interest.

It is not that nothing has been happening. On the contrary, there has been a series of intriguing developments that are bound to have a political effect in time.

Take the oil price, for a start. The price fell from around $30 a barrel last November to around $22 in January, touched around $10 in April, recovered to near $15 in May and is back under $10 this week.

A fall of one dollar per barrel over a full year costs the British exchequer approximately £0.4bn in lost revenues. Chancellor Nigel Lawson based his budget in March on the assumption that the price would stay at around $15 a barrel. He admitted that he already stood to lose about £5½bn. The prospective losses must now be rather larger. Consequently, the scope for tax cuts seems to have been reduced.

POLITICS TODAY



Martyn Barnes

How everyone forgot about the poor old economy

By Malcolm Rutherford

There has also been the pause in economic growth. This is not confined to Britain, but is a worldwide development. In the three months to June growth in the US was at an annual rate of only 1.1 per cent and there have been some less than sparkling figures from Japan.

The pause was not foreseen at the time of the budget; nor was it much discussed at the economic summit meeting in Tokyo in May. Yet it is now an acknowledged fact that the world economy, including the British, has been going through rather a flat period, probably since last autumn. That again has political implications.

Not least, unemployment in Britain has gone on increasing. The latest figures show that the average monthly rise over the past half year was around 15,000, against 3,000 a month in the previous half year. In June the number out of work was 106,000 higher than a year ago. These are not statistics that are likely to stay out of the political limelight for ever.

Mr Jon Shields, director of the Charter for Jobs, which was set up last year with a panoply of ex-Prime Ministers as patrons to draw attention to the problems of unemployment, has a theory that the beat has not really gone out of the debate at all. It has just been re-directed.

Instead of concentrating on unemployment *per se*, people have been talking more about the side-effects. Hence the new emphasis in the political arena on the need for better education: better education means the prospect of a better job, or at least a job. Hence, too, the focus on the National Health Service which MPs report from their constituencies. Unemployment creates emotional and physical stress, which in turn puts more demands on the NHS. Equally, unemployment may contribute to the crime rate, especially among the young.

Opinion polls suggest that all those factors have been matters for concern in the last year or so. Thus Mr Shields must have a point: it is the unemployment debate in new guise.

Yet come the autumn and the party conferences and presumably the sharp rise in the non-seasonally adjusted unemployment figures, it is hard not to think that the number out of work will be back at the top of the political agenda. As it is, unemployment has been regarded as the most important issue facing the country by over 80 per cent of the electorate ever since January 1985. The Mori poll put the figure at 83 per cent last month.

So what is the British Government going to do about it all? Chancellor Lawson has just written his customary letter to Tory MPs to cheer them up for the summer holidays and give them something to feed to local party chairmen and constituents who may be getting restless.

The Chancellor is still an optimist about the economy, at least in the sense of someone who hopes for the best. He acknowledges that the pause in growth has taken place and is continuing. A pause is, by definition, a turning point. The question is the direction of the turn. Will there be a resumption of growth in the next few months, or will there be a stagnation or worse?

The case for an optimistic answer is that the world economy has taken longer than expected to adjust to the fall in oil prices. Many of the oil producers, who are the losers, have reacted by quickly cutting back on expenditure. Canada, parts of the US and Saudi Arabia are examples.

The gainers are the industrialised countries who produce no oil of their own: primarily Japan and West Germany. They have been slow to react to the benefits of a lower oil price by raising spending or by cutting interest rates.

Britain is somewhere in between, as both a consumer and a producer. It is playing a waiting game to see what happens elsewhere.

At the same time, some of the advantages of the fall in the price have already come through: notably in the effect on inflation. This is now down to an annual rate of 2.5 per cent, as against the 3.5 per cent or so suggested at the time of the budget. Mr Lawson appears reasonably confident that it will stay that way, eventually to be reflected in lower pay increases. The rise in average weekly earnings in the year to May was about 7½ per cent.

There is thus a good deal of money around, as illustrated by the retail sales figures for June—up 5.3 per cent on a year ago and taking the volume index to a new record. The corporate sector is not too badly off either. The Chancellor's thesis is that the money has to go somewhere. Maybe at present some of it is going into increased savings, but ultimately it will contribute to a resumption of economic growth. The same goes for the prime beneficiaries of the oil price fall even more so.

There is one other rather sensitive factor that may help the economy, provided that it does not get out of hand. As the accompanying chart shows, the effective exchange rate of sterling has been moving steadily down. The meeting of the Group of Five in the Plaza Hotel in New York last September has had some effect.

It is the pattern of the movement that encourages the Treasury: up against the dollar and down against the D-mark. It is not what Mr Paul Volcker, the chairman of the US Federal Reserve Board, this week called "cascading depreciation," but it is a bit of a benefit. The sterling index has fallen by about eight points in a year.

The strategy now seems to be to see out the summer. Mr Lawson has not so far lined up with Mr Volcker in calling for interest rate cuts and reflation in West Germany and Japan. He says that he is prepared to give those two countries the benefit of the doubt for a while yet. The Germans claim that a resumption of their own growth rate will be spontaneous and the latest monthly report of the Economics Ministry in Bonn suggests that it is already happening. The Japanese have been going through elections, and can be allowed a little time to play with.

Meanwhile, Britain sits tight. No great policy changes are under way and the line on public expenditure will be held, though not without a certain amount of blood, sweat and tears when it comes to the detailed resource allocations.

On the international front, however, if the pause shows no sign of abating by September, one would expect some action. The chancellor could then join Mr Volcker in putting pressure on West Germany and Japan to bring down interest rates and perhaps to raise public spending. Another Group of Five meeting is not out of the question, with the Americans, the British and the French taking a very strong line. The Japanese, in particular, seem to be short of friends in the British Treasury.

If it looks like old times, there is one fundamental difference. Mr Lawson justifies his implicit call for world-wide reflation on the grounds that not for years has inflation in the main industrialised countries been so much under control. The prime beneficiaries of the fall in the oil price can afford to risk. Indeed they are not even risks. To West Germany and Japan the lower price was pure gain. They should react by boosting domestic demand and thus help the losers.

So much for the economic side of it. There are obvious political implications even if the great push for renewed growth comes off.

The chances of a substantial cut in direct taxation in the next budget now look less good than the Chancellor thought at the time of the last budget when he cut the standard rate of income tax from 30p to 29p in the pound. The aim has always been to cut it to 25p. Even on the best assumptions two more bites of the cherry may be needed before the aim is achieved.

Some of the economic growth that was confidently forecast for Britain in 1986—3 per cent or so—is now likely to be deferred until 1987, if it takes place at all.

Unemployment, far from coming down, has not even shown signs in recent months of reaching a plateau.

The unmistakable conclusion is that all the economic indicators point to postponing a general election until the latest possible date: early to mid-1988, after two more budgets.

The banana skins of the past year or two may have been on the whole rather good for the Government in the sense that they have distracted attention from more serious matters. In the autumn the mood could be different, but one doubts if either Mrs Thatcher or the Chancellor will substantially change course. It is the enterprise culture, or bust.

Profit-related pay

Great idea, but wrong relief

By Nigel Hawkins

IN THE green paper on Profit Related Pay (PRP), the Chancellor has removed at a stroke many of the objections to the proposals put to the National Economic Development Council on May 12.

By no longer insisting that employees' base pay should be reduced before the calculation of any profit sharing eligible for tax relief, he has removed the risk of a fall in income of up to 15 per cent, which previously applied and would inevitably have been felt to be too much for the small tax incentive offered. By doing so he has also undermined any claim from employees to be involved in corporate decision-making which might naturally have followed from the assumption of risk.

In view of these changes, the proposed tax relief for the employees has been reduced. But the question now is, if the employees are asked to make no sacrifice and bear no further risk, why should they be given any tax relief at all? In every country where the state has encouraged profit sharing or employee share ownership (and that includes the UK up to now), the tax relief has been given to the party which has been called upon to make some concession. No one until now has offered a tax incentive to encourage the acceptance of a gift in cash.

Surely, the tax relief should be given to the company or its shareholders who are asked to make a sacrifice in order to bring about those effects which are expected from the spread of profit-related pay. If profit sharing is to spread as hoped, any public money which is available should be given to those who both bear the burden of the schemes, and have the power to introduce them.

The answer might be to allow the company to set off against corporation tax a sum greater than the PRP pool. If 125 per cent of the pool could be deducted from taxable profits, the cost to the Exchequer would be about the same as the present proposals.

The green paper contains another oddity. It is proposed that the tax relief should not be available to the employees, if the company is for any reason exempt from employer's National Insurance Contributions (NIC) in respect of PRP payments.

Now NIC can be quite legitimately avoided on payments of bonuses in two ways. One is where the bonus is used to buy the company's shares under a scheme approved by the Inland Revenue. The other is where cash bonuses are paid through a trust.

However, the green paper proposes that the NIC levy will have to be paid if the employees are to get their tax relief. In other words, not only will the recipients of the profit share be offered a sweetener to accept the gift, but the givers will be penalised too. And the system is expected to spread?

The National Insurance penalty on the employers and the tax relief to the employee balance so exactly that they may be intended to be linked.

Take the example given in Annex B of the green paper. A company with a PRP pool of £6m and 10,000 employees awards them £600 profit share each on average. The Chancellor would allow tax relief on a quarter of this, so the tax relief at 29 per cent on £150 would be £43.50.

If on the other hand the company decided to pay a profit share of £6m at the discretion of the directors or under some formula, it could, by putting it through a trust, save £627,000, which would otherwise have been paid in National Insurance Contributions. That is £62.70 per employee. If this had been given to the employees, they would have received £44.52 net of tax, slightly more than through the green paper's approved schemes.

The most tax-efficient method of paying a bonus to employees is therefore to put it through a trust and to use the National Insurance savings in a way which benefits the company or the employees but does not incur any further tax charge. That would also avoid the trouble of obtaining Inland Revenue approval and auditors' reports.

No doubt, many companies will prefer it to the proposals now put forward in the green paper, but there is still no tax incentive on the employers' side to introduce profit-related pay.

Nigel Hawkins is a senior consultant with Cockman, Copeman & Partners Ltd.

Letters to the Editor

Agricultural policy

From Mr P. Freeman

Sir,—Further to Mr Jackson's letter (July 22) and the continuing problems of the EEC budget I feel that a new approach to the objectives of article 39 of the Treaty of Rome is needed.

The idea of increasing productivity through rational development of agricultural production seems lost. We would however be able to achieve the stabilisation of markets, ensure availability of supplies and reasonable consumer prices by encouraging increased use of the futures markets. The expense of continuously removing the farmers best meat and grain into intervention could be phased out, improving our competitiveness on world markets, while the futures markets would allow producers and merchants to reduce their exposure to the price risk of a freer market.

The time is rapidly approaching when with world grain prices at some £50/tonne below ours and a weakening dollar, new initiatives have to be taken. Accommodation of futures, quotas and variable premiums would be cheaper, more responsive to change, and allow us to put our best farm produce on the market.

I doubt whether the Commission will look at anything new, prefering half-hearted bureaucratic foolishness such as the co-responsibility levy, to a radical re-structuring of price support mechanisms. It is after all our money it is squandering, not its own.

P. A. Freeman,
Grain and Feed Trade Association,
24-28 St Mary Axe EC3.

No breakthrough for Mexico

From Mr A. Kouyoumdjian

Sir,—As someone with a long involvement in the analysis of Mexican affairs, may I be forgiven if I do not share the optimism of the July 24 leader "Breakthrough for Mexico."

I may be prepared to admit that the IMF, in not imposing its usual unrealistic targets and leaving the door open for more finance should oil revenue or growth falter, has indeed broken new ground. I would even add "about time too, we have been waiting for four years!"

But I am afraid I cannot rejoice at hearing that the rescue consists of lending an additional $12bn to a borrower which, in the first quarter of 1986, had to spend 64 per cent of export income in servicing foreign debt. The same country also spent 63.7 per cent of government revenue in interest payments on domestic (50 per cent) and external (13.7 per cent) debt. By adding to this burden by offering more loans, within a year or two, the whole of the Mexican public sector will have no other function but to collect money on behalf of its creditors.

Some victory indeed!

Armen Kouyoumdjian,
46 Manor Drive,
Wembley Park,
Middlesex.

The mail does not get through

From Mr E. Chalker

Sir, — Malcolm Rutherford's article (July 11) on "The people's Post Office" appeared to lack his usual objectivity. To adapt his own statement, most readers of the Financial Times would feel as much gall at the end of his article as "prejudice" at the beginning.

One does not need to be hostile to the concept of opinion polling to feel somewhat less than confident in the reported conclusions of popularity polls conducted by the body who are themselves the object of the polls. In any event, given the wholly disproportionate contribution to the volume of mail produced by business, a poll that did not take this into account would be biased from the start.

The revelation by the Post Office Users National Council some months ago that the Post Office's measurement of arrival time for mail is not delivery at the recipient's address but at the recipient's own post office, should surely have removed all credibility from such measurements. The actual observation of delivery times shows that two days for first-class mail is now normal and three days is beginning to be experienced more frequently. Even posting before midday appears to have no effect on the result and this can often include even local deliveries.

But there is more to the Post Office's disregard for its customers than delays in first-class mail.

In our locality, at least, we have found on several occasions that the final collection has been taken before its due time—an infuriating form of excess zeal. At the other end of the spectrum, we now experience bulk deliveries of second-class mail that, from evidence of posting dates, have clearly been accumulating for several weeks and, in one case, months. At what point does inefficiency become deception?

The worst possible thing that could happen to postal services is the privatisation of the Post Office as a monopoly. While it is not surprising that Sir Ronald Dearing should look approvingly upon the privatisation of British Telecom's monopoly, his observations about the consequences for the customer should be taken with a pinch of salt. While Malcolm Rutherford may have seen evidence that "that model is a success in the private sector," it was certainly not produced in his article and remains invisible to many observers.

Eric Chalker.
TCS Computer Services.
5-7, Albemarle Rd,
Beckenham, Kent.

Disenfranchised Tories

From Mr J. Warren

Sir,—Contrary to Mr Kirkby's uncharitable view (July 18), the disenfranchisement of UK expatriates is a long-standing scandal, deeply resented by a very large number of loyal British citizens. In virtually every democratic country the franchise attaches to citizenship, not residence or the good will of the tax authorities and there is absolutely no reason why someone working say in the US for a British company and subject to the full rigours of the IRS should have to submit to the Inland Revenue as well. Even if he does, of course, he remains disenfranchised under the current rules.

In the absence of exchange controls in the UK, anyone in these islands is free to invest his money wherever in the world he chooses. It is not illegal to put money into a tax haven. One does not have to be an expatriate even to open a sterling account abroad. The taxation of such investments is purely a matter between the investor and interested tax authorities.

Expatriates tend to be Conservative voters (given a chance!) and their disenfranchisement is of advantage to the opposition parties. The way to create a true national democracy in the UK is to concentrate on the abolition of anomalies closer to home. If proportional representation is too much to stomach, perhaps the disenfranchisement of Irish citizens in the UK (predominantly Labour voters) deserves to be reconsidered.

James F. Warren,
9 Cheverton Road, N19

Representation and taxation

From Mr R. Rockingham-Gill

Sir,—The excellent suggestion from Mr Kirkby (July 18) that the electoral register should only be open to British expatriates who submit to the UK fiscal regime deserves widespread support. But he adduces no evidence at all (and I suspect that there may be none) for his sweeping view that "most" expatriates keep their earnings in Jersey, Geneva or elsewhere.

Personally, as a disenfranchised expatriate who has lived for more than 30 years abroad, I invest all my earnings in the UK for the good reason that nowhere else can I get the same total return (capital gains, largely from bids, and dividend yield combined) as is available in Britain. I suspect that there are many others like me, and they may well be in the majority, pace Mr Kirkby.

The Government should now go a step further, and I believe should allow the long-term expatriates the right to vote (not only those who have been abroad for less than five years) on the terms outlined by Mr Kirkby: provided that we put our spare cash into UK industry, commerce and finance, and provided that we pay our income taxes according to the law, why should we be deprived of a vote only because we have been abroad for more than five years? Whatever Messrs Tebbit and Kirkby may think, we do not cease to be patriots after five years abroad, nor do we cease to have a real interest in the politics of the nation to which we (mainly) retire.

R. Rockingham-Gill,
Daphnestrasse 21,
8000 Munich 81,
West Germany.

Devolution re-run

From Dr W. Grant

Sir,—Peter Riddell's interesting article on the polls (July 22) makes no mention of the nationalist parties, despite the SNP's recovery in the last round of Scottish local elections. Yet, if they only gained half as many seats as in October 1974 (i.e., seven) they could be a crucial factor in a finely balanced Commons. This would particularly be the case if Labour distaste for the SDP got in the way of a deal with the Alliance. We could yet face a re-run of the devolution debate of the 1970s.

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FINANCIAL TIMES

Friday July 25 1986

Lambsdorff charge dropped

BY PETER BRUCE IN BONN

COUNT OTTO LAMBSDORFF, who resigned as West German Economics Minister in June 1984 in the face of bribery and tax evasion charges, is expected to begin seeking a seat in Chancellor Helmut Kohl's Cabinet following the apparent collapse in the Bonn district court of charges that he accepted bribes from the former Flick industrial empire.

The court decided on Wednesday that there was little point in bearing more evidence from the state prosecutors on the bribery charges. Count Lambsdorff was charged with another former economics minister, Mr Hans Friderichs, of accepting bribes, and Mr Eberhard von Brauchitsch, a former senior manager in the Flick group, of offering them.

Mr von Brauchitsch is accused of having paid DM 375,000 ($175,000) to Mr Friderichs, who later became head of the Dresdner Bank, and DM 135,000 to Count Lambsdorff in return for their signing tax waivers worth DM 800m on DM 1.9bn profit Flick made when it sold its Daimler-Benz holding to Deutsche Bank in 1975.

According to the charges, this money was then channelled into the coffers of the Free Democrat Party (FDP), to which Count Lambsdorff and Mr Friderichs belong and which is now a junior member of Mr Kohl's coalition.

Count Lambsdorff and Mr Friderichs still face lesser charges of tax evasion, and Mr von Brauchitsch of aiding and abetting tax evasion, but even a guilty verdict on these counts would not be politically ruinous. A relieved Count Lambsdorff said yesterday that "the past 1½ years have not been very pleasurable. I would not wish such a burden on my worst enemy."

In an interview to be published today in Die Welt the Count hints strongly that he would like to return to the Cabinet. "I spent six years at the Cabinet table under Chancellor (Helmut) Schmidt and Kohl," be says, "and I can imagine that for myself in the future too."

His place as Economics Minister is now firmly occupied by his party chief, Mr Martin Bangemann, but if the FDP does well enough in next January's general election to claim extra seats in Cabinet, Count Lambsdorff is almost certain to be offered one.

He has also expressed an interest in the post of Foreign Minister now held by another FDP leader, Mr Hans-Dietrich Genscher. But should Mr Genscher ever vacate his long-held seat, the Count is bound to be challenged for it by the Bavarian leader, Mr Franz Josef Strauss who, although 70, is still fiercely ambitious for high federal office.

Count Lambsdorff warns in his interview, however, that when be resigned Mr Kohl did not promise him an automatic return to Cabinet should he be found not guilty.

The so-called Flick trial has been underway since August last year. The apparent failure of the bribery charges has already opened up a debate over the future of the North Rhine Westphalia prosecutors, and their immediate political masters, who brought the charges in the first place.

FDP politicians, much strengthened by the Count's success, have begun to renew accusations that the prosecuting authorities were politically motivated.

China 'will replace US' as largest importer of steel

By Paul Betts in Paris

CHINA is likely to replace the US this year as the world's single largest steel import market, the Organisation for Economic Co-operation and Development (OECD) forecasts in its annual report on the outlook of the world steel industry.

The report also warns that the troubled world steel industry will face another difficult year with consumption and production expected to be virtually stagnant this year. It also says that another 68,000 jobs were cut in the Western steel industry last year, the equivalent of 5.5 per cent of employment in the steel industries of the 24 OECD member countries. Since 1974, employment in the steel industry in the OECD had fallen by 41 per cent with the loss of about 790,000 jobs.

Steel imports are likely to decline by about 15 per cent this year in the US, which has been until now the world's largest steel importer. This decline in US imports would probably see China become the single largest steel importer this year, the Paris-based agency says.

The OECD expects demand for steel to grow moderately in Western Europe this year but to fall in North America and Japan. It also warns that in developing areas of the world there will probably be sharply reduced overall growth in demand for steel, and in some parts even a decline.

Total world steel consumption is expected to grow very marginally by only 0.2 per cent this year compared with 1985 when it had increased by 1.9 per cent largely as a result of growing demand from developing countries. This was especially strong in China, where demand rose by 20 per cent last year over 1984.

Consumption in the OECD countries is expected to fall by 1.5 per cent this year or slightly less than the 2 per cent decline of 1985.

World steel production is expected to edge up by only 0.1 per cent this year after rising by 1.2 per cent in 1985. However, in the OECD industrial countries, production is likely to decline by 3.3 per cent this year after falling by 0.6 per cent last year. Most of the production decline is likely to occur in Japan, the OECD says.

The report also warns that net steel exports from OECD countries to the rest of the world will probably fall back this year after a significant increase last year.

THE LEX COLUMN

Disintegration by Parts

The last clearing of Whitehall in-trays before the summer recess has turned up a clutch of rather scrappy deals that seem designed mainly to show the limits of privatisation. Discarding the maxim that unattractive parts of nationalised industry must be packaged with those that make money, if they are to be sold at all, the Government now seems determined to sell whatever bits and pieces can be made to go. The blueprints for selling Royal Ordnance to the City, and BL to Ford or General Motors, seem the confident schemes of a bygone age, like last spring.

The spoils of the new piecemeal approach are not all to be disdained. To sell Leyland Bus at any positive price is probably worth doing, even if s commitment to restructuring costs reduces the ultimate benefit; the deal rids Rover of a loss-maker without damaging its main business. Yet the sale of Unipart, also to a management and institutional consortium, has neither advantage; control of the spares business is regarded by other volume car manufacturers as a strategic necessity, and in any case Unipart was profitable.

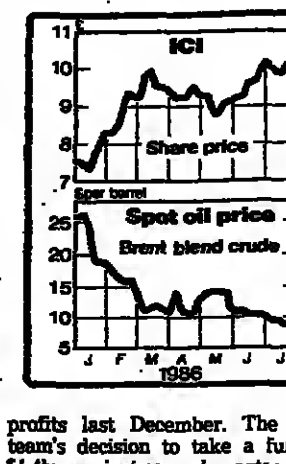
It is difficult to avoid the conclusion that Unipart is being sold almost entirely because it is possible to sell it. Apart from one disastrous acquisition, the management bas shown itself bankable, and the cash flow of the parts distribution operation appears strong enough to bear the weight of subordinated debt and bank debt that will now replace the interest free loans from Rover. Whether the £30m up front is enough to make it commercially worth Rover's while to sell is much more dubious.

As for the sale of Royal Ordance's tank factory, it seems to be a triumph of tactical blocking by Vickers, and a reward for spiking tha flotation plans. If the rest of the group can be sold without tanks to another private buyer, when Vickers was apparently unwilling to take it on even with tanks included, it just might be a rare victory for the Ministry of Defence. But that will depend on the price.

Standard Oil

The common view had been that the previous mangement at Standard Oil signed its death warrant by taking a $1.9bn write-off against profits last December. The new team's decision to take a further $1.4bn against second-quarter profits suggests that it was the smallness of the original charge that snapped BP's patience. Only about a third of the latest write-offs can be related to e view of the oil market. The rest is still more eloquent testimony to the skill with which Standard had attempted to diversify with the stream of earnings from Prudhoe Bay.

It is here that future shocks may yet emerge, despite Standard's new determination to limit the downside risks. At $9 a barrel, Prudhoe Bay is operating at break-even. At $6 a barrel, money stops coming out of the well-head. The write-offs are based on a $15 oil price. Judging by the absence of similar action in the second-quarter figures of the majors, big oil is not taking such a cold-blooded approach. But it is so much easier admitting to the mistakes of others.



ICI

ICI is not too happy about the business background to its second quarter figures. It points out that the widely expected surge in economic growth as a result of the sharp fall in oil prices has yet to appear. ICI is, however, pleased to report that despite the collapse of its oil-based input costs, it has managed to hold the prices of its chemicals. The company fails to draw the natural conclusion that the failure of Western economies to respond to low crude oil prices is precisely because of the decision of the ICIs of this world not to pass on those benefits to the end consumer.

Perhaps the next step for ICI is to use some of its newly endowed borrowing limits of £6.3bn to buy up cheap oil properties near the bottom of a cycle, which at least in theory should run counter that of the chemicals business. The company's own oil return of £5m after petroleum revenue tax is even worse than might have been expected and suggests that oil trading losses may be submerged in the figures. Whether the agriculture profit-collapse is merely cyclical or part of e more profound malaise is difficult to tell. What is clear is that with sucb handicaps, the ability to repeat the performance of the second quarter of last year is impressive, even though the sbare price fell 18p yesterday to 982p. In particular, speciality chemicals – exactly according to Plan A – have advanced even against a 20 per cent adverse currency swing.

Dowty

To suspicious minds, there are only two motives behind a company's sudden urge to get closer to the City of London: the need to repel a takeover or to issue paper. Dowty has no need for money or any great aquisition plans. So however much it denies fear of a bid, the cynics say that the speculation of earlier this year was wbat brought Dowty out of its Cehltenham stronghold. Whatever the reason, the change is for the better, as is the story Dowty has to tell.

A 7.7 per cent pre-tax profit rise to £47.8m in the year to March may not look inspiring, but after interim profits fell, Dowty only expected to match last year's figure. The second half had a strong burst from aerospace, where industrial relations improved and beavy development spending started to pay off. The industrial side saw a bunching of orders, while the electronics division's margin building moves worked. Only mining continued to suffer.

Dowty is finding a bright side even to Ministry of Defence competitive tenderings: it gets a look at contracts that other contractors used to lock away. And the supposed benefit of falling coal prices is that mine owners will invest to cut costs. There is solid enough support, though, for a £55m forecast giving a prospective multiple of well under 13 with the shares at 218p, up 13p yesterday. If Dowty can do on its own the things that a bidder might bave planned, the shares deserve a higher rating.

Japanese urged to raise chip price

By Carla Rapoport in Tokyo

THE US Commerce Department is exerting quiet but determined pressure on Japanese semiconductor makers to charge more than double the current US market price for a popular type of memory chip.

The pressure arises from a suspended US anti-dumping case against the Japanese and is tied to current bilateral negotiations now under way in Washington aimed at opening up the Japanese market for US semiconductor makers.

The Washington talks are crucial to bilateral trade in microchips, and US negotiators are understood to be using all levers at their disposal to ensure a favourable outcome for US microchip exporters seeking access to the highly protected Japanese market.

It is understood that the Commerce Department is prepared to rule that the "fair value" of Japanese 256k Drams sold in the US is between $5 and $6 apiece. The current US market price for these chips is between $2.25 and $3, with some Korean producers selling for as little as $1.75.

Such a ruling would only go ahead if the Washington talks on Japanese market opening fail, and would be a serious blow to the Japanese who are by far the dominant force in worldwide sales of 256k Drams.

The Commerce Department in Washington has officially denied it has stated a fair value on Japanese chips as a lever to affect the negotiations, but this is being discounted in the face of intense Japanese reaction to the manoeuvre.

Japanese Government and semiconductor industry officials described as "outrageous" the Commerce Department's view that the fair value of these chips was between $5 and $6.

According to a senior official on Tokyo's Ministry for International Trade and Industry (Miti), Japanese negotiators in Washington are trying to "negotiate the price down ... we are not satisfied with the (fair) value proposed by the Department of Commerce."

The dispute underlines the fragile nature of the talks, which the US had hoped to complete by tomorrow. Japanese officials now expect the talks to last through the weekend, and possibly into next week.

Louise Kehoe in San Francisco adds: The $5 to $6 "fair value" price that Japanese companies claim they will be forced to charge for 256k Drams is based on production cost data gathered by the Commerce Department in the second half of 1985, US industrial analysts believe.

They point out that this data was accurate at that time. Today, the real cost of production is much lower. The 256k Dram could be sold today at a modest profit for less than $3 by efficient producers, the analysts calculate.

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US says EEC is using farm issue to block trade talks

BY WILLIAM DULLFORCE IN GENEVA

THE US yesterday accused the EEC of blocking the way to a new round of international trade negotiations through its intransigence over agriculture.

By refusing to accept farm export subsidies as a subject for negotiation, the EEC was undermining the willingness of developing countries to agree to the talks, Mr Michael Samuels, the Deputy US Trade Representative, said.

The latest quarrel between the US and the EEC over agricultural trade blew up in the committee within the General Agreement on Tariffs and Trade (Gatt) which is drafting the declaration for trade ministers to launch the new round in Uruguay in September.

The EEC has rejected three US demands for the agricultural part of the talks. These are that they must cover farm export subsidies, that they should be "put on the fast track" for speedy completion and that they should be based on recommendations for liberalising farm trade accepted by the Gatt countries in 1984.

The Community's position, largely dictated by France, is that the declaration must contain no reference to farm subsidies. The French consider that any negotiation aimed at doing away with subsidies threatens the Community's Common Agricultural Policy.

The French Government's attitude has hardened after the US and the EEC last month negotiated a truce on US exports of maize and sorghum to Spain which would have been halted under the terms of Spain's accession to the Community. The French claim that the truce was mostly at the expense of their maize farmers.

So far, the Community has agreed only that the negotiations should look at ways of removing surplus stocks of farm products and of preventing their recurrence.

Mr Tran Van Thinh, the Community's chief negotiator in Geneva, described the 1984 Gatt recommendations, on which the US wants talks on agriculture to be based, as a dustbin into which all sorts of diverging approaches to trade in farm products had been thrown and from which the US was now trying to pull items that suited it.

But in an effort to calm the atmosphere, Mr Van Thinh denied that the preparatory talks had reached a crisis over agricultural trade. He bad threatened to walk out of the talks but was continuing to negotiate.

Mr Samuels' action in disclosing the stalemate over agriculture should be read as an appeal to other Community countries, in particular Britain and West Germany, to intervene. "I think other people, other members of the Community, should know what is going on here."

Concern is being expressed by other countries, as well as the US, that the EEC's tough attitude on farm trade could endanger the understanding reached last week between industrial and moderate developing countries. This understanding resulted in a draft declaration which had the backing of a majority of Gatt members.

The lack of any clear sign from the EEC that it had the political will to handle agriculture in the negotiations could undermine the readiness of some countries to stand by that draft, Mr Samuels said.

The Community's present attitude in the preparatory committee did not tally with its frequently expressed support for developing countries, he added.

The understanding between industrial and moderate developing countries had appeared to isolate the hardline group of 10 countries, headed by Brazil and India, which has been opposing the inclusion of trade in services and other "new" issues such as intellectual property and trade-related investment on the agenda for the trade negotiations.

The Gatt preparatory committee, having missed its mid-July deadline for agreeing on the ministerial declaration, now aims to finish its work by the end of the month.

Mexico seeks $1.5bn bridging loans

BY OUR FOREIGN STAFF

MEXICO'S leading bank creditors were expecting to be asked yesterday to participate in a bridging loan of up to $1.5bn to tide the country over until a new International Monetary Fund (IMF) loan agreement is formally signed later this year.

Tha country's 13-bank advisory committee, a smaller group than the 50 banks addressed on Wednesday in New York by Mr Gustavo Petricioli, the Finance Minister, was bolding a meeting at Citibank's headquarters with other Mexican officials and with Mr Jacques de Larosiere, the IMF's managing director.

The US Government was believed to be planning to put up a third of the short-term loan, with another third expected to be sougbt from US banks and the remainder requested from other governments and banks.

Mr Petricioli, starting Mexico's campaign to raise $6bn of longer-term loans from banks over this year and next, argued that banks should have been lending more to the country, which had been making net repayments to them. The new loans, part of a $12bn rescue package, would increase banks' exposure to Mexico by 8 per cent while that of governments and multilateral institutions would rise by 30 and 45 per cent respectively.

"This does not speak well of the sharing of the burden so far," Mr Petricioli said.

He hinted that, as many bankers expect, Mexico will seek lower interest rate margins on its bank deht, and will ask banks to link payments to the oil price, as the IMF has already agreed to do.

● A $31bn rescheduling accord is due to be formally signed in New York today by Brazil and some 750 bank creditors. It reschedules debt which fell due in 1985, rolls over that due in 1986, and extends trade and interbank credit lines. Talks on a multi-year rescheduling pact are due to begin later this year.

Standard Oil takes $1.4bn charge

Continued from Page 1

"We want to build up genuine strengths so that we can withstand very depressed energy prices and yet be able to move decisively when the climate allows. We believe it is correct not to store bad news away in our books."

Among the financial effects of these actions will be increased cash flow from sales proceeds and income tax benefits, which could approximate $900m. In addition, Standard Oil estimates that next year's net income will benefit by approximate 5110m from lower amortisation and expenses.

Without the special charges the company would have earned $123m in the second quarter or 53 cents e share, against $390m, or $1.66 a share, a year ago.

The action will shrink Standard Oil's shareholders' funds to $7.3hn and will increase its gearing ratio by a couple of percentage points. However, Standard and Poor's, one of the two major credit rating agencies, yesterday announced that it was maintaining its rating on the company's debt.

Mr John Browne, who left BP to become Standard Oil's chief financial officer, said yesterday that two thirds of the write-offs reflected a cbange in strategy and a third reflected the decline in the oil price.

"We want to reflect our change in strategy in our balance sheet and show our investors what we are really made of," said Mr Browne yesterday. He would not predict what would happen if oil prices fell sharply from current levels, but indicated that the latest write-offs were expected to be the last, assuming no further deterioration in prices.

Mr Horton said: "The external situation bas forced us to compress into a very short timeframe a series of significant actions.

Rover to sell bus business

Continued from Page 1

company, e subsidiary of a Hong Kong group.

However, it has agreed in principal to sell Leyland Bus and 33 per cent of Leyland Parts to a management consortium which has the financial backing of institutions led by Bankers Trust.

This will raise £11.7m. But Rover has agreed to bear some of the rationalisation costs – including the full cost of the Lowestoft closure. Rover made a £10m provision in the 1985 accounts to cover the bus rationalisation programme.

The management buy-out team is led by Mr Ian McKinnon, 39, who became managing director of Leyland Bus in January last year. A Scottish mechanical engineer, he joined Austin Morris from Chrysler UK in 1973 and was manufacturing director of Leyland Trucks between 1981 and 1985.

Leyland Bus suffered e pre-tax loss of £33.2m for 1985 and at the end of last year its capital employed was £11.6m.

Leyland Parts made a taxable profit of £3.4m for 1985 and at December 31 last had capital employed of £38.9m.

Rover will receive at least £30m in loan repayments and for sbares for the sale, now agreed in principal, of 75 per cent of Unipart to its management and institutions led by Charterhouse Bank.

There is a provision for employees to get 5 per cent of Unipart while the management will take 10 per cent – involving an outlay of £1.5m – which could rise to 15 per cent if bonus shares are taken up.

A further £15m will be paid to Rover if Unipart achieves future profit targets and another £5m plus interest if Unipart is floated on the stock market.

The proposed sale does not include stocks of Austin-Rover-branded spare parts worth about £30m and a large warehouse at Coventry in the English Midlands.

Unipart retains other assets with a net book value of about £73m at the end of last year.

In 1985 Unipart's profit before tax fell to £4.9m after exceptional costs and provisions of £4.7m.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Dubrovnik	S	26	79	Malta	S	31	88	Rhodes	S	30	86
Algiers	S	35	95	Edinburgh	F	18	64	Manchester	S	17	63	Rio de J'o	C	19	66
Amsterdam	S	17	63	Faro	S	23	73	Manila	S	34	93	Rome	S	30	86
Athens	F	32	90	Florence	F	30	86	Melbourne	R	9	48	Salzburg	R	10	50
Bahrain	S	39	100	Frankfurt	F	17	63	Mexico City	C	24	75	San Francisco	C	25	77
Bangkok	C	32	90	Funchal	S	22	72	Miami	C	31	88	Seoul	D	21	70
Barcelona	S	25	77	Geneva	F	18	64	Milan	F	27	81	Singapore	T	30	86
Bristol	F	29	84	Gibraltar	S	27	81	Montreal	S	27	81	Stockholm	C	18	64
Belfast	R	13	55	Glasgow	R	14	57	Moscow	C	23	73	Strasbourg	F	19	66
Belgrade	S	31	88	Guernsey	F	15	59	Munich	R	10	50	Sydney	F	20	66
Berlin	C	15	59	Helsinki	F	21	70	Nairobi	F	23	73	Taipei	S	35	95
Biarritz	C	20	68	H. Kong	S	30	86	Naples	S	30	86	Tangier	C	24	75
Bombay	C	29	84	Innsbruck	R	11	52	Nassau	C	34	93	Tel Aviv	F	29	84
Bordeaux	F	21	70	Inverness	F	15	59	New Delhi	F	31	88	Tenerife	S	25	77
Brussels	C	15	59	Islamabad	S	34	93	New York	S	32	90	Tokyo	S	27	81
Budapest	S	26	79	Istanbul	S	31	88	Nice	S	33	91	Toronto	C	29	84
B. Aires	F	12	54	Jakarta	R	29	84	Nicosia	S	40	104	Tunis	S	36	97
Cairo	S	33	91	Jersey	S	19	66	Oporto	F	10	84	Valencia	F	29	84
Cape Town	C	15	59	Jo'burg	S	15	59	Oslo	C	20	68	Venice	–	–	–
Caracas	S	28	82	Lima	C	18	64	Paris	F	19	66	Vienna	R	14	57
Casablanca	C	23	73	Lisbon	S	22	72	Peking	S	29	84	Warsaw	T	22	72
Chicago	S	23	73	London	F	20	68	Prague	C	15	59	Washington	C	25	77
Cologne	R	15	59	Los Angeles	C	29	84	Reykjavik	C	6	43	Zurich	C	19	59
Copenhagen	T	13	55	Luxembourg	C	15	59								
Corfu	S	33	91	Madrid	S	27	81								
Dallas	S	24	75	Majorca	S	29	84								
Dublin	C	15	59	Malaga	S	31	88								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Ford earnings top $1bn in quarter

Continued from Page 1

ing press since they were launched six months ago.

The company claimed yesterday that the new models were "sell-outs," saying that the strong demand for these vehicles had knocked its stocks consistently below normal levels.

At the end of the quarter, Ford's inventories in the US stood at 55 days' supply, against the level of around 65 deys which companies like to keep in the pipeline.

The group has also improved its position in the buoyant light truck and van market, increasing its share of commercial vehicle sales to 28.4 per cent of the US market from 28.9 per cent.

Thatcher criticised over Westland

Continued from Page 1

jobs of Cabinet Secretary and bead of the Home Civil Service now jointly beld by Sir Robert, although the Government yesterday rejected this suggestioo.

The committee produced a second report yesterday on the defence implications of the affair. This concluded that both Mr Heseltine, favouring s European solution, and the board of Westland, supporting a link with Sikorsky, were at least in part correct.

The committee was also highly critical of some of the dealings in Westland shares during the affair, saying that its "credulity was sufficiently strained to be sceptical as to the absence of a concert party

FINANCIAL TIMES

Friday July 25 1986

Norsk Hydro profits disappoint

BY FAY GJESTER IN OSLO

NORSK HYDRO, the Norwegian industrial and energy concern, reports pre-tax profits of only NKr 1.33bn ($177.7m) in the first half of 1986, compared with NKr 3.74bn in the same period last year, despite a big boost in turnover to NKr 25.1bn from NKr 18.7bn, mainly reflecting acquisitions.

The results were hit, in the second quarter, by Norway's devaluation and several effects of the oil price collapse, coupled with the April strike in the Norwegian part of the North Sea, which halted oil and gas sales for almost a month. Half year operating profits from the oil and gas division plummeted to NKr 1.17bn, from NKr 2.52bn in January/June 1985.

Onshore, petrochemicals made a loss of NKr 100m in the six months, compared with the profit of NKr 61m. The company attributes this partly to falling prices for polyethylene and partly to the fact that the price of natural gas liquids (NGL), feedstock for Norway's ethylene industry, has not yet been adjusted to match the fall in oil prices. It says that when this happens early next year there should be a considerable improvement in the division's results.

In the fertiliser market, competition continued strong, and prices low. Hydro sales were down on a year earlier, because of higher imports and a rundown of distributors' inventories. Overseas sales were also weakened by lower prices, especially for urea, and the lower dollar exchange rate, and sales volumes were somewhat down on a year earlier.

The report foresees a better balance between costs and prices in the second half of 1986, particularly in the fourth quarter. As part of a drive to streamline the company's fertiliser production, a large oew nitric acid plant has been put into production by its Dutch subsidiary, NSM. Fertiliser production at Hydro's UK plant at Avonmouth, near Bristol, was stopped in the second quarter.

The light metals sector was the only relatively bright spot in an otherwise gloomy picture. The division's operating profits for the half year reached NKr 359m.

Prices for magnesium and primary aluminium were both down on a year aarlier, but the aluminium extrusioo plant, rolling mill and trading activities achieved good results, which partly offset the poor results for primary metals.

Looking ahead, the report says much of the negative impact of the oil price fall has already been absorbed in the first half results. The positive effects – of lower costs of natural gas, NGLs and other raw materials – will be more strongly felt in the latter half of this year, and in 1987.

The poor first-half figures mean, however, that a "substantially weaker" result must be expected for 1986 as a whole, compared with 1985.

Service companies slash dividends

By William Hall in New York

HUGHES Tool and Baker International, two leading companies in the oil services industry, underlined the slump in the oil industry by reporting substantial quarterly losses and slashing their dividends.

Hughes Tool announced a $445.8m second-quarter loss after a $495.7m writedown of which $250m covered reductions in the value of plant and equipment and another $169m covered expected losses on inventories.

The company, which first cut its dividend by 43 per cent two year ago, slashed its dividend by another 83 per cent to 2 cents a share.

Baker International reported a third-quarter loss of $11.7m compared with a net profit of $23m in the same period of last year, and cut its quarterly dividend by 50 per cent to 11½ cents.

Mr E. H. Clark, Baker International's chief executive, says that the "trough over which we look has depened and widened, lowering our expectation for earnings produced cash flow." Shares fell by ⅛ to $9⅞ on Wedoesday.

Hughes Tool's weekly rig count figures are one of the most closely watched barometers of the health of the industry. It reported earlier this month that the oumber of rigs operating in the week ending July 11 had dropped to 663, its lowest level ever. The average US rig count in the second quarter, and the foreign rig count fell by 24 per cent to an average 1,124 units during the same period.

Hughes says that the writedowns follow an "in-depth study of the assets required to serve our markets." One side effect of the write-offs is that Hughes Tool's shareholders equity has been reduced from $910.9m at the end of March to $458.4m at the end of June. Hughes Tool's shares fell by ⅛ to $7¼ on Wednesday.

Panhandle Eastern considers disposal

BY ADRIAN DICKS IN NEW YORK

PANHANDLE Eastern, tha Texas-based natural gas distributor, reported a $516m second-quarter loss yesterday and announced that it is considering alternative ways of restructuring its business, including disposing of one of its most valuable assets.

The second-quarter loss, which compared with a modest $16.5m net profit in the second-quarter last year, follows the company's an*nouncement on Monday* that it would take a $460m charge against second-quarter earnings to settle the legal battles arising from its ill-fated project to import huge quantities of natural gas from Algeria.

The company had net income before special charges of $12.7m in the second-quarter. Special charges totalled $528.8m and included a $69m writedown in book value of Dixilyn-Field Drilling, the group's contract drilling subsidiary, as well as the *$460m settlement* with Sonatrach, tha Algerian state oil and gas company, and with General Dynamics and Moore McCormack. Operating revenues in the quarter came to $519.5m against $576.3m a year earlier.

For the first half there was a loss of $477.7m, or $10.37 a share, against a profit of $67.4m, or $1.54, on revenue down at $1.34bn from $1.52bn.

The Panhandle Eastern board will consider among other restructuring alternatives the spinning off to shareholders of at least 90 per *cent of Anadarko Petroleum*, the subsidiary through which the group has a stake in some of the biggest gas fields in the lower 48 states and in the Gulf of Mexico.

Panhandle's shares fell $1¾ to $40 after the announcemeot.

● Moore McCormack, which was to operate the liquid natural gas carriers built for the shipping of Algerian gas to Panhandle's Texas terminal, announced yesterday that it would halve its dividend to 13 cents *from 26 cents for the second quarter* and would carry out a sweeping programme of disposals, including its iron ore and coal operations.

Tenneco points to drop in oil prices

By Our New York Staff

TENNECO, the Houston-based conglomerate which has been hit hard by the slump in the energy industry, suffered a 48 per cent drop in second-quarter oet income, to $80m, and blamed the dramatic decline in oil and gas prices since the end of last year.

Mr James L. Ketelsen, Tenneco's chief executive, said: "Although most of the company's other major divisions had increased operating income compared with the second quarter of 1985, these improvements were not sizeable enough to offset the adverse effects of significantly lower oil and gas prices on exploration and production operations. As long as oil and gas prices continue at current depressed levels, Tenneco's earnings will remain under pressure."

Tenneco's second-quarter earnings of 43 ceots a share were once again insufficient to cover its quarterly dividend of 76 cents a share, but Mr Ketelsen stressed the group's commitment to "protect" its common stock dividend.

Tenneco recently announced the $1.5bn sales of its insurance operations in a move which will help reduce its heavy debt burden and increase its financial flexibility at a time of volatile oil and gas prices.

Tenneco's sales in the second quarter were unchanged at $3.7bn and for the six months are 4 per cent ahead at $7.7bn. Six-month net income totalled $204m, or $1.16 per share.

Meanwhile, second-quarter oet income at Amerada Hess, one of the smaller US integrated oil companies, fell by 38 per cent to $19.85m, or 24 cents a share.

The latest figures were boosted by a non-recurring gain of $12m from the settlement of a gas contract.

Bull sees sharp rise in earnings

BY PAUL BETTS IN PARIS

BULL, the nationalised French computer group due to be privatised, reported yesterday a sharp rise in first-half net consolidated earnings to FFr 144m ($20.7m) from earnings of FFr 39m in the first half of last year.

The company said the latest first-half earnings confirmed the group's lasting profitability after its major restructuring in recent years. After heavy losses, Bull returned to profit last year with earnings of FFr 110m.

First-half cash flow increased by nearly 29 per cent to FFr 805m compared with the first half of last year, while first-half revenues rose only marginally to FFr 7.8bn from FFr 7.4bn in the first six months of last year.

The company said the slowdown in growth was due to the wait-and-see attitude of the market and significant decreases in prices as a result of the evolution of the dollar exchange rate. The company expects, however, to see a more sustained rate of growth in the second half of this year.

The earnings improvement reflects better productivity and control of operating costs. The company said the capital increase now being undertaken, which will increase its capital to FFr 3.86bn, will help strengthen the group's financial structure and finance its investment programme.

The improvement of the financial situation of Bull was one of the principal reasons for the decision of the French conservative Government to reconfirm Mr Jacques Stern as chairman of the computer group. Mr Stern was among 12 chairmen of nationalised groups appointed by the previous left-wing administration who were reconfirmed in their jobs by the right-wing Government on Wednesday.

Securities boost Dresdner Bank

By David Brown in Frankfurt

DRESDNER Bank, West Germany's second biggest commercial bank, raised its operating profit to a record level in the first half of this year, mainly due to buoyant earnings from securities trading.

The bank did not specify its operating profit – as is customary with German banks – but said it rose "significantly" faster than that of the so-called partial operating profit during the same period.

This "partial" profit – which does not include own-account trading – rose by 22.2 per cent to DM 502.8m ($233.2m) for the six months ending June.

The bulk of this increase was attributed to commission income on securities trading, which advanced by 22.4 per cent to DM 612m.

Interest earnings – on roughly *unchanged margins* – rose by 3 per cent to DM 1.304bn due to higher business volume. Expenditure advanced 4.9 per cent to DM 1.41bn. These comparisons are made with one-half of the full results for 1985.

The direct comparisoo of partial results for the six-month period in both this year and last shows a 34 per cent rise in commissions and a 6.4 per cent increase in interest earnings.

Dresdner noted that credit demand had picked up after a slow start. Parent bank business volume fell by DM 1.4bn to DM 101.36bn due to the lower dollar conversion but that of the group advanced by DM 2.8bn or 1.4 per cent

Severe earnings slide at Phillips Petroleum

BY OUR FINANCIAL STAFF

PHILLIPS Petroleum, the large integrated US oil and gas group, suffered a severe slide in second-quarter net earnings because of plummeting oil prices. Profit fell to only $8m, or one cent a share, from $117m, or 52 cents, on revenues $1.63bn lower at $2.3bn.

This left the six-mooth profit more than halved at $104m or 39 cents from $230m or 68 cents, on turnover of $5.37bn against $7.86bn.

The huge drop in oil price hit almost all segments of the group's business and was the single most important factor behind the setback. Domestic business dived to a loss of $44m from a $45m profit a year ago, while earnings on foreign activities were depressed by $20m to $52m.

Operating income from petroleum exploration and production slid to $74m in the quarter from *$420m*, and that profit was solely thanks to overseas business.

There was no income from continuing operation for gas and gas liquids, compared with $83m a year ago. For petroleum refining, marketing and transport, operating income dived to $224m from $616m.

The plunge in net earnings was despite income taxes down at $45m *from $290m*, and a curreocy gain of $15m, compared with $6m.

The latest quarter figures were after a $54m provision for a special redundancy programme. This was partly offset by a $10m gain on asset sales.

Capital spending during the three months was slashed to $125m from $267m a year ago.

Agusta's 1985 losses halved to L73bn

By Alan Friedman in Milan

AGUSTA, the Italian state-controlled helicopter company which took part in the unsuccessful European consortium bid for Westland Helicopters of the UK, halved its losses for 1985 to L73bn ($50m).

While the consolidated loss was considerably reduced, Agusta sales managed a 30 per cent rise last year, to L1,125bn. Agusta, which is cootrolled by Efim, the smallest of Italy's three state holding groups, also announced plans for a major capital increase.

An extraordinary shareholders' meeting approved plans for Agusta share capital to be increased to L360bo, which represents a boost of L157bo. The capital increase will be achieved by share subscriptions to be taken up by its state parent.

Delta Air Lines blames fare cuts for profit fall

BY TERRY DODSWORTH IN NEW YORK

DELTA AIR LINES, the sixth largest US carrier, suffered a sharp earnings setback in its financial year to June, when its results were undermined by the fare-discounting wave which has intensified again in the US market over the last 12 months.

Net income plummeted to $47.3m, or $1.16 a share, from $259.5m, or $6.50 in the previous year, even though sales fell by only 4.7 per cent to $4.46bn from $4.68bn.

The figures were distorted by extraordinary gains from aircraft disposals, which generated a gain of $6.7m in the latest financial year, down substantially from a profit of $49.7m in the previous 12 months period.

But this decline in non-operating profits was only a minor factor set against the turbulent market conditions. These have been particularly acute for Delta, which operates out of Atlanta in the expanding south-east region of the US.

Net income in the fourth quarter was also down significantly, falling to $22.2m, or 55 cents a share, against $84.8m, or $2.11 a share, in the same period of last year. Sales fell to $1.11bn from $1.28bn.

● Western Airlines, the Los Angeles-based carrier, suffered a $13m or 29 cents a share loss in the second quarter of 1986, against profits a year earlier of $31.7m or 97 cents. Revenues dropped from $357.9m to $294.1m.

For the first six months, the company had a net loss of $2.1m or nine cents a share, compared with a profit of $45m or $1.41.

INTL. COMPANIES & FINANCE

Commission opposes US railroad merger

BY OUR FINANCIAL STAFF

THE US Interstate Commerce Commission yesterday shocked Wall Street and the country's railroad industry by voting 4-to-1 to deny the merger of the Santa Fe and Southern Pacific railroads.

Santa Fe Industries and Southern Pacific merged in 1983, but their railroads remained separate pending ICC review. A favourable decision by the ICC had been expected, particularly after the new company agreed late last year to provide competitive access for certain traffic to Burlington Northern.

But yesterday the ICC said its decision was that the anti-competitive problems posed by the merger of the two railroads outweighed the potential public benefits. Santa Fe Southern Pacific's shares fell $3⅝ to $26⅝ in heavy trading by lunchtime yesterday.

The Santa Fe system operates over about 12,000 miles in 13 midwestern and southwestern states, while the Southern Pacific network covers 13,600 miles spanning 14 states. Although Santa Fe Southern Pacific has major interests elsewhere, including property and resources, it had hoped that the merger would allow economies of scale and rationalisation of the two networks.

The ICC chairwoman, Heather Gradison, was the sole commissioner to vote in favour of the proposal.

Data General cuts third-quarter loss

BY OUR NEW YORK STAFF

DATA GENERAL, the US company which specialises in super-minicomputers for manufacturing, office and scientific customers, has reported a reduced net loss for the third quarter ended June 30 to $2m or 8 cents a share from the $8.3m or 32 cents a share loss suffered in the same period last year.

The company remained in the red despite a 14 per cent increase in revenues, made up of equipment sales and service charges, to $325.3m from $285.5m last year.

Data General managed a modest $200,000 profit from operations, despite inclusion of a $11m charge for expenses arising from its recent sweeping re-organisation. There was a $16m loss from operations in the same period a year earlier.

Mr Edson de Castro, president, blamed the poor results on the low levels of capital spending in the US, but said that following the restructuring plan which was now in its final stages, Data General would be better placed to encourage demand for its products.

The company has reshaped its marketing organisation, put greater resources into networking and data communications systems to accompany its computers, and has strengthened its research and development staffing.

In the first nine months, Data General showed a $2.6m loss, equivalent to 10 cents a share, on revenues of $937.9m. In the first nine months of last year, it made a $23.8m net profit of 90 cents a share on sales of $939.4m.

Profits fall at Bell Canada

By Robert Gibbens in Montreal

BELL CANADA Enterprises, the telecommunications, energy, printing and property group, had lower profit in the second quarter and first half of 1986 because of reduced contributions from Northern Telecom and TransCanada Pipeline (TCPL).

First-half net profit was C$474.4m (US$346m) or C$1.88 a share, against C$508.1m or C$2.15 a year earlier, on 252m average shares outstanding against 235m. Total revenues were C$6.6bn against C$6.3bn.

Second-quarter earnings were C$244m or 95 cents a share, against C$263.7m or C$1.11 on revenues of C$3.4bn against C$3.2bn.

Northern Telecom expects better earnings in the second half this year, but TCPL will be adversely affected by lower prices.

The regulated eastern Canada telecommunications subsidiary, Bell Canada (BCE), provided around two-thirds of total group earnings. BCE's shares are the most widely held in Canada and are listed in Canada, the US, Europe and Japan.

● Greatlakes Forest Products, one of two pulp and paper groups controlled by Canadian Pacific, had first-half earnings of C$5.1m or 26 cents a share, against C$3.2m or 18 cents year earlier, on revenues of C$306m against C$295m.

Improvement came from greater efficiency, although prices firmed in the second quarter.

PHH Group to buy Avis unit for $134m

BY OUR FINANCIAL STAFF

PHH GROUP, a large Maryland-based fleet management concern, has agreed to buy Avis Leasing's domestic car and light truck small fleet management and leasing operations for about $134m in cash.

The seller is Wesray Capital, the leveraged buyout specialist founded by Mr William Simon, former US Treasury Secretary.

Avis manages about 35,000 cars and light trucks, while PHH Group's domestic fleet management unit manages about 250,000 cars and trucks.

Wesray bought Avis's domestic and foreign car rental and leasing businesses earlier this year from Kohlberg Kravis Roberts, which had itself acquired Avis as part of its $6.2bn purchase of Beatrice Companies.

Separately, Beatrice said this week that it was considering making a public offering of its international food operations, but would retain a "significant" stake.

● VF Corporation, the Philadelphia-based clothing group whose most well known product is Lee Jeans, is negotiating the possible acquisition of Blue Bell Holdings, better known for its Wrangler jeans and Jantzen swimwear.

Blue Bell Holdings is the parent of Blue Bell, which has annual sales of about $1bn and was acquired in a leveraged buy-out two years ago.

Hambro links with Kangyo

By William Dawkins in London

HAMBRO International Venture Fund, the New York-based risk capital group, has teamed up with Kangyo Kakumaru Investment Company of Tokyo to invest in small businesses in North America, Japan and Europe.

The pair announced yesterday that it had raised $25m for its jointly managed vehicle, KKI-Hambro International Venture Fund, and that it aimed to raise another $25m early next year. It will have managers in New York, Tokyo and London and is thought to be the first example in an increasingly international venture capital industry of a single fund to be based in these three financial centres.

KKI is an affiliate of Nippon Kangyo Kakumaru Securities, the fifth largest securities firm in Japan and a specialist in unquoted investment. The London end will be managed by Hambros Advanced Technology Trust, an affiliate of the merchant bank.

Insurers report mixed results

CONTRASTING second-quarter results have been reported by Chubb Corporation and Home Group, two big companies in the US property and casualty insurance sector, writes Our Financial Staff.

Chubb, which is credited by analysts with a better than average underwriting record, lifted second-quarter operating net earnings from $22.5m, or 60 cents a share, to $53.6m or $1.42. After realised investment gains, final net earnings emerged at $74.1m, compared with $58.4m a year earlier.

For the first six months, operating net earnings more than doubled from $46.7m or $1.37 a share to $98.7m or $2.68.

In 1985 as a whole, Chubb had net profits of $71m, following a big charge for medical malpractice reinsurance.

At Home Group, formerly part of the now defunct City Investing conglomerate, net profits for the second quarter of 1986 were down from $61m, or $1.56 a share, to $52m or $1.31.

US QUARTERLIES

AMERICAN BRANDS
Tobacco products

Second quarter	1986 $	1985 $
Revenue	1.94bn	1.83bn
Net profits	97.4m	85.9m
Net per share	1.76	1.48
Six months		
Revenue	4.05bn	3.36bn
Net profits	216.4m	192.6m
Net per share	3.79	3.36

AMERICAN PETROFINA
Oil

Second quarter	1986 $	1985 $
Revenue	475m	591.1m
Net profits	4.4m	18m
Net per share	0.37	1.34
Six months		
Revenue	983.4m	1.16bn
Net profits	†35.3m	18.5m
Net per share	—	1.34

†Loss

AMERICAN PRESIDENT COS.
Container shipping

Second quarter	1986 $	1985 $
Revenue	225.3m	309m
Net profits	4.4m	14.8m
Net per share	0.21	0.71
Six months		
Revenue	472.7m	598.9m
Net profits	†5.7m	24m
Net per share	†0.27	1.16

†Loss

ANHEUSER-BUSCH
Brewing

Second quarter	1986 $	1985 $
Revenue	2.17bn	2.01bn
Net profits	168.5m	139.4m
Net per share	0.95	0.83
Six months		
Revenue	4.05bn	3.62bn
Net profits	295.8m	22.9m
Net per share	1.61	1.41

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INTL. COMPANIES and FINANCE

$1bn of new floaters flood market

BY ALEXANDER NICOLL

THE FLOW of new Eurodollar floating rate note issues turned into a deluge yesterday with the launch of five more totalling over $1bn, bringing the week's count so far to $2.15bn.

All yesterday's issues were for banks: two New York money centre banks, Citicorp and Chase Manhattan; two Canadian, with the same potential coupon reduction feature as on the previous day's deal for Bank of Nova Scotia; and a small and rarer borrowing by National Bank of Brunei.

The recent indifferent performance of the fixed rate market has turned investors' attention back to FRNs after a long period earlier in the year when they languished on oversupply, particularly of bank paper. Mixed reactions to yesterday's issues suggested that there could be limits to the market's appetite for FRNs, and the sheer bulk of new paper caused a deterioration in prices from the day's highest levels.

Most syndicate managers nevertheless believed the FRN market still had a good deal of underlying strength, and further sizeable issues were understood to be in the offing.

Three of yesterday's deals were brought by Credit Suisse First Boston, which was also sole co-lead on Chase Manhattan's.

The largest was for Citicorp, at $350m for 25 years, priced at par with a spread of ⅛ point over the three-month London interbank bid rates on Eurodollar deposits (Libid). Citicorp is a frequent issuer, and this deal was seen as quite aggressively priced. It traded at a discount roughly equal to its total fees of 37½ basis points.

Chase Manhattan's London subsidiary led a $250m five-year issue for its parent, at the mean between six months London interbank bid and offered rates (Limean), and a price of par. It traded within total fees.

Of the two Canadian issues led by CSFB, the more successful was for Canadian Imperial Bank of Commerce. The $250m deal is for 99 years, though it is callable after five, with par pricing and a spread of ⅛ over six months London interbank offered rates (Libor). It traded above par, though it settled below day's highs.

The other was for National Bank of Canada, perceived by the market as a less good credit. The $200m issue has identical terms to those of CIBC, though commissions were slightly higher. It was being supported by the lead manager and traded just outside its fees.

Some worries lingered in the market about the ability of the three Canadian borrowers to cut the coupon if they reduce their dividends. Bank of Nova Scotia and CIBC last cut theirs in the 1940s by command of the Canadian Government, but National Bank of Canada has a different story. It was the product of a merger between two banks undertaken on the encouragement of the authorities in 1979, and problems then revealed forced the dividend first to be cut, and then eliminated entirely for two quarters in 1982. Since then, its return on assets and equity have risen to be among the highest in Canada, and net income has grown rapidly.

CSFB also made clear that the coupon cannot be reduced as a result of a one-off dividend increase followed by a cut. The dividend must be set at a higher level for four quarters before that level becomes the reference rate for the purposes of the FRNs.

Also carrying a spread of ⅛ over six months Libor was a $30m five-year issue from National Bank of Brunei, which is 30 per cent owned by the Sultan. It was priced at par by Banque Gutzwiller, Kurz Bungener (Overseas).

Nordic Investment Bank, which brought a $100m issue last week and met a sticky reception, appeared to meet a slightly less frosty response with a partly-paid issue which will be fungible with last week's. Led by Morgan Stanley International, the $100m seven-year 7¼ per cent issue is priced at 100¼ with 10¼ payable this year and the remainder next year.

Nippon Shinpan, a consumer credit company, raised $300m with two identical bonds with equity warrants, both for five years with indicated coupons of 2¼ per cent. Of the total, $250m is guaranteed by Sanwa Bank and led by Daiwa Europe, and $50m, aimed at Asian investors, guaranteed by Long Term Credit Bank and led by Nomura Securities Singapore.

In the yen sector, Kansallis-Osaka-Pankki, the Finnish bank, issued a Y10bn reverse FRN, led by Yamaichi International. The issue is for five years and priced at 101⅛. The coupon is fixed initially at 8.09 per cent, and moves according to a formula under which it falls if the six-month yen Libor rate rises.

Two issues were launched as the latest to employ the "bull-bear" technique of linking redemption amounts to the performance of stock indices, including the first linked to a West German index.

Deutsche Bank's was a $200m issue, led by itself with no co-managers. It is divided into two equal tranches, each priced at par and paying a 3 per cent coupon. Redemption of the bull tranche will be higher if the FAZ share index rises, while buyers of the bear tranche will benefit if the index falls. In either case, the overall redemption amount will be the same for the borrower and the maximum redemption price for any buyer is 217.

A subsidiary of Sumitomo Corporation made a similar three-year issue totalling $60m, led jointly by Daiwa Europe and Sumitomo Trust International, and linked to the Nikkei index. Coupon is 3 per cent and each equal tranche is priced at par.

In Switzerland, bond prices were slightly higher in moderate trading. The Inter-American Development Bank's two-tranche offering was increased to SFr 225m with the eight-year portion rising from SFr 100m to SFr 125m, and terms were set as indicated. The SFr 100m issue for Mitsui Petrochemical Industries had its coupon cut from 1 to ⅞ per cent.

German bond prices recovered early losses to be mixed in slightly more active trading.

India Fund increased to £75m

BY R. C. MURTHY IN BOMBAY

INDIA FUND, the country's first and only fund providing an opportunity for international capital to invest in Indian stock markets, is being increased by a further 25 per cent to £75m.

Merrill Lynch Capital Markets, the international manager of India Fund, has raised the offer from the previous £60m by reserving the right to a further £15m if subscriptions exceed £60m.

Earlier, Merrill Lynch had changed the denominated currency of the offering from $60m, in effect lifting the value of the offer by about half.

The response to the campaign launched by Unit Trust of India, which is to manage the fund at the Indian end, in attracting expatriate Indian support for the offer is "good" despite the strong pound, according to Mr J. K. Sarkar, UTI executive trustee. He hopes the issue will be over-subscribed well before it closes on August 15.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on July 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week—Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte—Date next coupon becomes effective. Spread—Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn—The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day—Change on day. Cnv. date—First date for conversion into shares. Cnv. price—Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem—Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Slowdown in growth of Ecu business

By Peter Montagnon, Euromarkets Correspondent

GROWTH OF international banking business denominated in Ecus slowed markedly in the year to March, according to a new study by the Bank for International Settlements (BIS). The average quarterly growth in lending denominated in the currency basket of the EEC slowed to $3.1bn equivalent from $6.7bn in the preceding six months.

The BIS said a major factor behind the decline was a turnround in Ecu business with Italian borrowers, who have been one of the driving forces behind the expansion of this market.

Italian borrowers showed less interest in Ecu finance because of the decline in local interest rates and because of the liberalisation of official restraints on the use of the lira for trade finance.

As a result, Italian non-bank borrowers repaid their Ecu borrowings and Italian banks had less recourse to the Ecu interbank market to fund lending to their customers at home. The trend was compounded by a similar fall in demand for Ecu finance from French companies, which have also been large users of the Ecu market.

Another reason for the slowdown in Ecu business was the changing pattern of exchange rates. Expectations of a realignment within the European Monetary System made it less attractive for borrowers in countries with weak currencies to raise Ecu funds, while investors in strong currency countries saw no reason to build up their Ecu assets.

Liberalisation of national capital markets also made the Ecu market less useful as a means of circumventing restraints on international capital flows, the BIS said, while the slowdown of growth in Ecu lending was also affected by the accelerating trend towards securitisation of international banking business.

New issues in the Ecu bond market were running at $8.5bn in the first half of this year, despite a sluggish period in the months preceding the EMS realignment. This compares with an issue volume of $7.3bn in 1985.

Given such an unfavourable background the Ecu banking market in fact showed considerable underlying growth momentum in the 12 months to the end of March, the BIS said.

Its non-bank deposit base has increased rapidly from $1.5bn in September 1984 to $6.5bn at the end of 1985, though growth slowed thereafter ahead of the EMS realignment. Moreover, there has been a marked geographical widening of the use of the Ecu both within and outside the EEC.

At the end of March, total lending in Ecu's was equivalent to $61.4bn, giving it a share of 9.1 per cent of all Euromarket lending denominated in currencies other than the dollar. This share was only marginally higher than the 8.7 per cent level recorded a year earlier, but that in turn reflects the fact that growth of lending in other currencies, notably the yen, has been particularly rapid.

Australia cuts disclosure threshold for share stakes

BY MARK WESTFIELD IN SYDNEY

INVESTORS in Australian equity markets are to benefit from an earlier disclosure of sizeable stakes built up in quoted companies. This follows a decisioo yesterday by the Council of State and Federal Attorneys General to lower from 10 per cent to 5 per ceot the so-called substaotial shareholding threshold at which a purchaser must announce its presence.

The lowering of the corporate parapet to reveal more swiftly the presence of potential raiders is a product of much debate among Australia's state and federal governments over the rash of takeovers and the enormous offshore borrowings used to finance them.

The ministers took the decision during a meeting at the new Yulara tourist resort at Ayers Rock in the Northern Territory.

In another significant change to the takeover code the Attorney General decided to allow companies or substantial shareholders to take court action if they failed to unmask the beneficial owner of a shareholding after serving four notices under the controversial Section 261 of the Companies Code.

These notices are used to trace the buyers of share parcels of at least 0.1 per cent of a company.

They left unchanged, however, the 20 per cent threshold et which a full bid must be launched.

In yet another twist to the takeover bid which has been the catalyst for much of the concern among the Attorneys General, Broken Hill Proprietary (BHP) yesterday sued Bell Resources in an effort to have the Supreme Court in Victoria cancel an options deal between Mr Robert Holmes à Court's Bell group and the investment group Adelaide Steamship involving A$700m (US$439.4m) worth of BHP shares.

The shares amount to nearly 7 per cent of BHP's capital and were subject to an agreement struck in April last year in which Weeks Petroleum, a Bell subsidiary, bought options on 70m shares from Adsteam.

The options are due to be exercised between August 1 and September 26 this year. A one-for-five bonus issue has helped swell the number of shares in question to about 85m at a price of A$5.93.

BHP shares closed yesterday at A$8.16. In recent days, large dealings in BHP shares by the prominent broking house Potts West Trumbull are believed to have been on behalf of Adsteam which is assumed to be buying shares in order to deliver them to Mr Holmes à Court under the agreement.

Japanese printing groups just ahead

By Yoko Shibata in Tokyo

DAI NIPPON PRINTING and Toppan Printing, Japan's two major companies in the contract printing and publishing industry, yesterday unveiled results for th year to May which showed the impact of weak demand for precision electronic materials such an integrated circuit lead frames and photomasks from semiconductor industries, as well as the yen's steep appreciation.

However, the setbacks were more than recouped by brisk turnover from periodicals and magnetic cards.

For the current year, both companies expect a recovery in the semiconductor market and double-digit growth in their sales of precision electronics.

Dai Nippon, the largest printing group, lifted pre-tax profit 1.3 per cent to Y54.15bn ($344.2m) while net profits at Y25.73fbn were up by 3.8 per cent. This came on sales ahead by 6.4 per cent to Y718.44bn.

Its turnover in books and periodicals rose 6.6 per cent to account for 19.1 per cent of the total. Commerciel printing, at 49.4 per cent of turnover, improved by 8.7 per cent, thanks to strong orders for catalogues and direct mail packages as well as securities printing and magnetic cards. However, sales of precision electronics related products declined.

For the current year, pre-tax profits are projected at Y55.6bn and net profits at Y26.4bn each up by 2.6 per ceot, oo turnover of Y760bn, e 7 per cent rise.

Toppan Printing reported pre-tax profits of Y38.6bn, up by 1.5 per cent, and net profits of Y17.81bn, up 1.9 per cent, on turnover of Y595.61bn, ahead by 4.2 per cent. Its growth in pre-tax profits was for the 34th consecutive year.

Sales by its general printing sector, at 47.5 per cent of the total, rose 3.3 per cent, also supported by business in catalogues, pamphlets and direct mail material.

In the current year, rises of around 4 per cent are forecast to take Toppan's pre-tax profits to Y40bn and net profits to Y18.6bn, on turnover of Y620bn.

Sharp advance for Rustenburg

BY BERNARD SIMON IN JOHANNESBURG

RUSTENBURG PLATINUM, the world's largest platinum producer, raised distributable profits to R258.2m ($102.8m) or 206 cents a share in the year to June, from R156.9m or 125 cents e share e year earlier.

The company described the jump in earnings to higher rand-denominated prices for platinum group metals, with the exception of ruthenium.

Besides an increase in market prices, which has seen platinum rise well above the gold price, Rustenburg has been helped by a sharp decline in the value of the rand against the dollar.

Pre-tax profits more than doubled to R620.5m from R307.4m. Net revenues rose from R999.5m to R1.5bn. The value of stocks rose slightly in the year following e R14.2m decline in 1984-85.

The final dividend has been raised by 27.5 cents a share to 82.5 cents, bringing the payout for the year to 135 cents a share against 90 cents.

The directors said that the profit improvement was likely to continue into 1987 "if current rand prices continue to be received and if no adverse unforeseen circumstances arise."

Shell buys Burmah Oil interests

BY MOHAMMED AFTAB IN ISLAMABAD

SHELL INTERNATIONAL Petroleum Company, a unit of Royal Dutch/Shell, has acquired all the business interests of Burmah Oil Company in Pakistan.

The acquisition involves shareholdings valued at $19.23m, with operations in areas including the exploration, refining and marketing of oil as well as natural gas. The companies, incorporated in Pakistan, include Pakistan Petroleum, Pakistan Burmah Shell and Burhsane (Pakistan), which markets liquefied petroleum gas.

The acquisition is seen as part of Shell's policy of assigning a priority to the South Asian and Middle East regions.

● Sandoz (Pakistan), a subsidiary of the Swiss-based pharmaceutical and chemicals group, has increased its dividend to 18 per cent for 1985, compared with 12.5 per cent.

Net sales of its chemicals, pharmaceuticals and agro-products rose to PRs 384.8m ($22.9m), up 25.6 per cent from the PRs 306m in 1984. Profits before tax showed e rise of 19 per cent to PRs 22.53m.

Fanuc forecasts downturn

BY IAN RODGER IN TOKYO

PROFITS and sales of Fanuc, the leading Japanese manufacturer of robots and machine tools control systems, are expected to drop this year for the first time in four years.

The company yesterday published its consolidated results for the year to March 1986, showing an 11.6 per cent rise in pre-tax profits to Y60.5bn ($384.6m). Sales were up 18.4 per cent to Y172.5bn, while net earnings emerged 9.4 per cent higher at Y28.71bn.

Estimates put profit in the current year at about Y45bn, down 23 per cent, mainly because of the effect of the high yen on overseas earnings.

Fanuc also said it would introduce a new robot model later this year which would be profitable even at an exchange rate of Y150 to the dollar.

Everite profits fall 60%

BY JIM JONES IN JOHANNESBURG

EVERITE, the South African cement and asbestos products manufacturer, has suffered a 60 per cent drop in operating profits due to a national decline in building activity. Everite is 36 per cent-owned by the Eternit group of Switzerland.

Turnover fell slightly to R229.5m ($91.4m) in the year to June from R230.2m. Operating margins suffered from lower demand and increased raw materials costs and operating income before dividend receipts and interest payments dropped to R14m fro mR33.5m. Pre-tax profits were R12.7m against R34m.

Earnings fell to 24.8 cents e share from 90.9 cents and the dividend total hes been cut to 18 cents from 60 cents.

JAPANESE COMPANY RESULTS

ISHIKAWAJIMA-HARIMA HEAVY INDS. MACHINERY, JET ENGINES, SHIP-BUILDING

Year to	Mar '86 Y	Mar '85 Y
Revenues (bn)	950	945
Pre-tax profits (bn)	17.15	21.16
Net profits (bn)	4.65	8.67
Net per share	2.59	6.68

CONSOLIDATED

SUMITOMO ELECTRIC INDUSTRIES WIRES, CABLES

Year to	Mar '86 Y	Mar '85 Y
Revenues (bn)	711	673
Pre-tax profits (bn)	31.58	29.84
Net profits (bn)	13.65	14.14
Net per share	21.27	22.25

CONSOLIDATED

MITSUBISHI ESTATE PROPERTY

Year to	Mar '86 Y	Mar '85 Y
Revenues (bn)	217	192
Pre-tax profits (bn)	48.60	42.84
Net profits (bn)	24.05	20.53
Net per share	20.28	18.20

1986: CONSOLIDATED, 1985: PARENT COMPANY

SUZUKI MOTOR CARS, MOTORCYCLES

Year to	Mar '86 Y	Mar '85 Y
Revenues (bn)	822	677
Pre-tax profits (bn)	23.40	22.69
Net profits (bn)	8.90	8.35
Net per share	33.40	26.21

NIPPON EXPRESS TRANSPORT

Year to	Mar '86 Y	Mar '85 Y
Revenues (bn)	1,057	1,018
Pre-tax profits (bn)	24.11	23.21
Net profits (bn)	8.32	8.08
Net per share	6.81	6.18

CONSOLIDATED

YAMAHA MOTOR MOTORCYCLES

Year to	Apr '86 Y	Apr '85 Y
Revenues (bn)	609	515
Pre-tax profits (bn)	4.42	19.71
Net profits (bn)	8.13	0.45
Net per share	30.42	2.80

CONSOLIDATED

UK COMPANY NEWS

Hawley raises Brengreen stake after BET offer

BY DAVID GOODHART

MR MICHAEL ASHCROFT'S highly acquisitive Hawley Group yesterday muddied the waters of BET's agreed £31m offer for Brengreen by announcing that it had incrrased its stake in Brengreen to 15.5 per cent.

Bermudan-registered Hawley has held o near 10 per cent stake in Brengreen for several months but after BET announced its agreed deal last Tuesday Hawley acquired another 3m shares taking its total bolding to 10.07m.

BET is offering one share for every nine in Brengreen, which on Tuesday valued Brengreen at 47p a share with a 45p cash alternative. Hawley has probably been buying in the market at about 45p or 46p. Brengreen closed up 1½p at 47p yesterday.

Hawley, which made pre-tax profit of £33m on turnover of £391m in 1985, last month reached an agreed £150m deal with Pritchard Services Group, making it the largest UK office cleaning company.

Brengreen, which is also in contract cleaning, last week announced a 3 per cent drop in pre-tax profits to £2m on turnover of £56.9m. Mr David Evans, Brengreen chairman, said wbeo anouncing the deal with BET that it had become difficult to compete against the big groups like Hawley on contract work.

It is by no means certain that Hawley plans to make a counter-bid; it has no need to do so until its stake reaches 30 per cent. One obstacle to a full bid may be the possibility of reference to the Monopolies and Mergers Commission.

Hawley may simply wish to thwart the bid or try to force a higher offer. Mr Neil Ryder of BET said yesterday: "There is no need for us to take any notice yet."

Mr John Reynolds of Schroders, the merchant bank acting for Brengreeo, said: "Of course a counter-bid would be very nice for our shareholders but we are just watching the situation with interest."

Mr Ashcroft was unavailable for comment.

Bullough rises 31% to £6m

ALL-ROUND growth and the benefits of April's £11.5m rigbts issue were behind a 31 per cent increase in pre-tax profits at Bullough, Surrey-based engineer and furniture maker. On turnover up by 11 per cent from £49.5m to £54.77m taxable profit was ahead at £6.16m, against £4.7m.

Earnings per 20p share came out at 10.7p (8.45p) and the interim dividend is raised from 2.7p to 3.2p. Last year there was a total paymeot of 8.2p on pre-tax profits of £12.37m.

Directors made special reference to an improvemeot by George Barker, the refrigeratioo equipment business, the continuing progress by Business Aids and cost reductions at Beanstalk, the retail equipment offshoot.

They added that the rest of the group increased profits. However, the improvement was offset to some extent by lower volume at Newton Derby.

The pre-tax figure was boosted by interest on the rights issue proceeds. Interest received for the period came to £135,000, against a charge last time of £602,000.

The tax charge was £2.3m (£1.97m). Dividends absorbed £1.5m (£973,000) leaving retained profit for the year of £2.7m against £1.76m.

For the second half the directors expected to be ahead of the £7.67m pre-tax achieved last time, despite the period not being able to gain the same improvemeots from the rights issue interest which boosted the previous year's second balf.

● comment

The closing three months of the first half bas seen things start to go right in Bullough's retail equipment division, its second largest. A sizeable contract for Marks and Spencer is running at full production at George Barker, which bas taken the chill off last year's losses and prodnced a £500,000 half-against-half swing round into the black. Beanstalk, the shop-shelving unit, redneed losses aod is now making a profit on a month-to-month basis. However, Newton Derby has been reduced to the break-even ranks following the end of a long running defence cootract. But it was the swing in net interest income tbat was the other main contributor after the Barker gain. This showed the benefit of being mildly cash geoerating and debt-free following last year's rigbts. A falling market warmly received all this modestly good news and marked the shares up 8p to 298p, thereby correcting a bad case of pre-results jitters. Forecasts are for £14½m which has the shares trading near their historic top on a prospective p/a of 12. As recent acquisitions have been small but useful, Bullough could soon be rightly tempted into something that would add £1m a year to profits.

CRESCENT JAPAN Investment Trust showed a net loss per share of 0.03p in the half year ended June 30 1986, against earnings of 0.31p. Gross income came to £419,000 (£354,000), and balance to £47,000 (£175,000) before tax £53,000 (£70,000). Net asset value per share 263p (151p). Object is capital appreciation.

PORTSMOUTH AND SUNDERLAND Newspaper announced lower pre-tax profits of £433,000 (£535,000) for the 13 weeks to June 28 1986, on turnover ahead at £11.92m (£11.28m). After tax of £133,000 (£190,000) earnings emerged down from 2.8p to 1.9p. There was an extraordinary £41,000 debit (£46,000 credit).

DIVIDENDS ANNOUNCED

	Current Payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Antomated Security int	0.66	Nov 14	0.55	—	1.5
Barrie Invs	0.3	Sept 17	0.1	0.3	0.1
BTS Group	‡2.7	—	1.5	4	1.5
Bullough int	3.2	Sept 10	2.7	—	8.2
Dowty Group	3.2	—	2.8	5.5	5
Green Property int	¶1.1	—	—	—	1.5
Hill & Smith int	1.3	—	*1.14	—	*3.5
ICI int	14	Oct 1	13	—	33
Jacksons Barne:	4	Oct 3	4	6	6
Ladies Pride int	0.5	Oct 13	0.5	—	0.75
River Plate int	2.2	—	2	—	8.5
Saga int	1.6	Sept 12	1.6	—	4.6
Tace int	†2.84	Sept 3	2.1	—	6.65
Viewplan	‡0.84	—	—	1.26	—

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Irish pence throughout.

Australian group to buy New Cavendish

By William Cochrane

AN AUSTRALIAN-based fund management, property, insurance and banking group is making an agreed offer for cootrol of New Cavendish Estates, property investment group.

The group is buying 7.055m new shares at £1 to give it 50.4 per cent of the enlarged NCE eqnity, and will be making an offer of £1 a share for the remainder.

The price compares with the 110p at which the shares were suspended at NCE's request 10 days ago and at which they closed yesterday after their restoration.

A oew UK company is to be formed by Stirling Properties and Group Property Services, both of which ara Australian listed companies and controlled by or associated with Unity Corporation, itself an Australian listed company with a market capitalisatioo of approximately A$140m (£58½m).

Mr John Everitt, chairman and managing director of NCE, said last night that Uoity Corporation, based in Sydney, Australia, represented the interests of 35-year-old Mr Gary Carter, a chartered accountant, in managed funds, property companies and insurance companies in Australia, and banking in America.

He said that the enlarged capital base would allow NCE to expand its property activities.

The directors of NCE, Gresham House and Welsh Industrial Investment Trust, which together own 32.2 per cent of bte existing NCE equity, will vote in favour of the capital increase and have irrevocably undertaken not to accept the offer for their shares. They would control 16 per cent of the locreased capital.

The incoming Australian investors say that they want to retain NCE's London share listing.

XCL in £15m Louisiana deal

The Exploration Company of Louisiana (XCL), an oil and gas company listed on the London Stock Exchange, bas acquired for about $23m (£15.4m) the interests of John W Mecom Company and certain associated entities in some 40,000 gross acres of land in Cameron and Calcasieu Parishes, Louisiana.

The acquisition will bring XCL's total proven reserves to some 56bn cubic feet of gas and 2m barrels of oil, with current net daily production of 14m cubic feet of gas and 1,000 barrels of oil.

PRIVREDNA BANKA ZAGREB

FLOATING RATE NOTES DUE 1986

In accordance with the conditions of the Notes, notice is hereby given that for the period 25th July 1986 to 26th August 1986 (32 days) the Notes will carry an interest rate of 8%.

Relevant interest payments will be as follows:
Notes of US$1,000 US$7.11 per coupon

CREDIT LYONNAIS (London Branch)
Agent Bank

Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa)
Registration No. 05/23462/06

Preliminary Report
(Audited)
for the year ended 30 June 1986

CONSOLIDATED INCOME STATEMENT	1986 (Rm)	1985 (Rm)
Gross sales revenue	1,599.6	1,063.1
Commissions and discounts	103.9	63.8
Net sales revenue	1,495.7	999.3
Cost of sales	819.9	649.4
On-mine costs	628.0	497.3
Treatment and refining	130.9	105.3
Other expenses	61.7	32.6
(Increase)/decrease in stock	(0.7)	14.2
Profit on metal sales	675.8	349.9
Other income	41.5	29.0
Profit before provisions	717.3	378.8
Provisions for renewals and replacements	96.8	71.5
Profit before taxation	620.5	307.4
Tax and lease	354.6	146.5
Tax normalisation	7.7	4.0
Distributable profit for year	258.2	156.9
Dividends	169.2	112.8
Transfer to reserves	89.0	44.1
Number of shares in issue (millions)	125.3	125.3
Earnings per share (cents)	206.1	125.2
Dividend per share (cents)	135.0	90.0
Dividend cover	1.5	1.4

NOTES

1. Rand prices received during the financial year for all metals, with the exception of ruthenium, were significantly higher than those of the previous financial year.
2. Profit before provisions increased by 89.3% to R717.3 million. Distributable profit for the year rose by 64.6% to R258.2 million. Earnings per share therefore improved to 206.1 cents per share ("cps") from 125.2 cps in the previous year. The final dividend has been raised by 27.5 cps to 82.5 cps and hence dividends declared during the year have increased by 50% to 135.0 cps from 90.0 cps.
3. If the current rand prices continue to be received and if no adverse unforeseen circumstances arise, the profits in the 1987 financial year are likely to be higher than those recorded above.
4. Capital expenditure on mining and refining assets amounted to R136.3 million (R103.8 million) of which R122.9 million (R98.6 million) was charged against the renewals and replacements reserve.

For and on behalf of the Board
G H Waddell } Directors
R P Gilbertson }

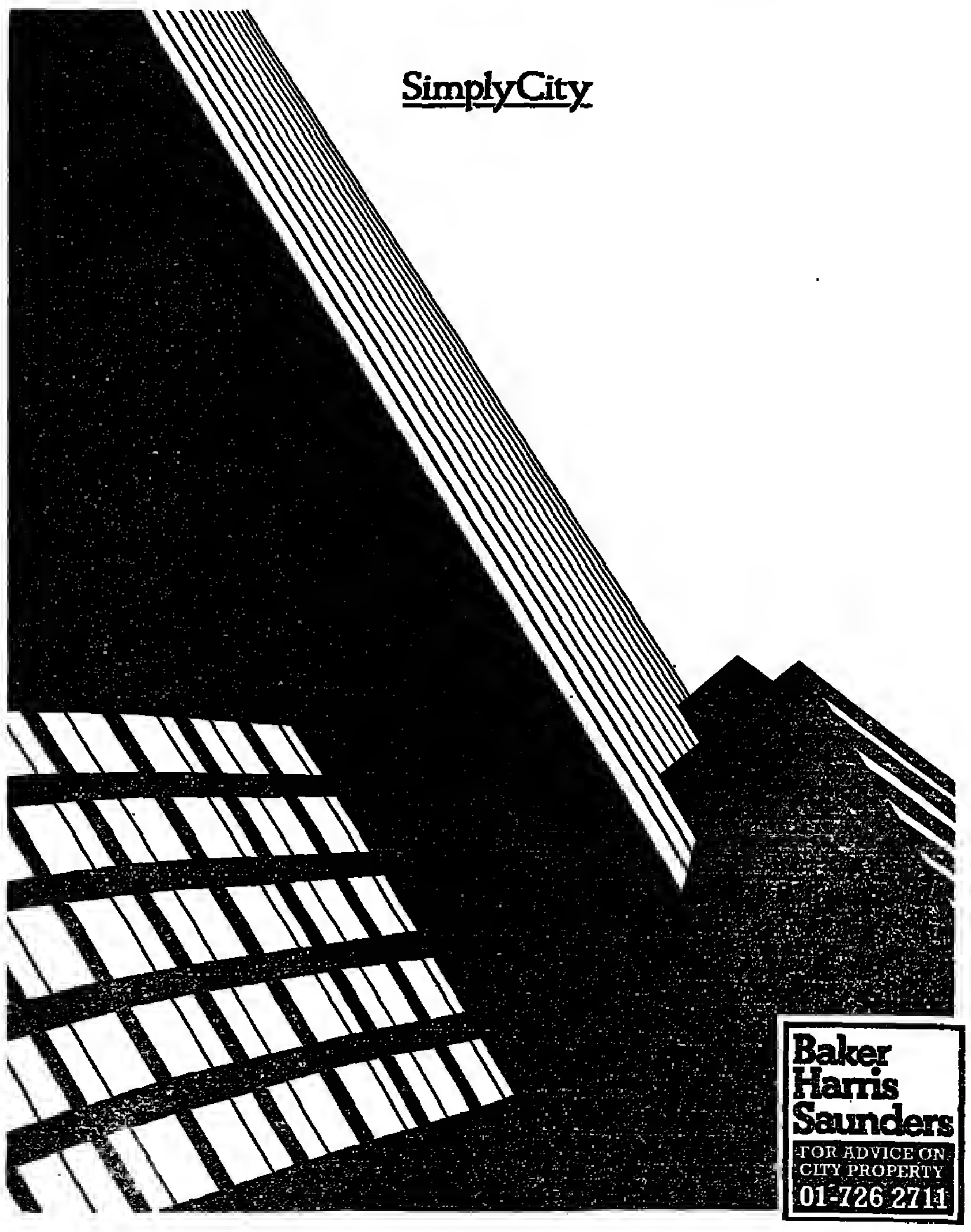
DECLARATION OF DIVIDEND

Dividend No. 65 of 82.5 cents per share, South African currency, has been declared payable to members registered in the books of the Company at the close of business on 8 August 1986. The conditions of payment, which can be obtained from the Company's Head Office or from the London Secretaries, provide inter alia that the dividend shall be converted to the United Kingdom currency at the rate of exchange quoted by the Company's Bankers on 22 August 1986. South African Non-Resident Shareholders' Tax at the rate of 15% and United Kingdom Income Tax will be deducted where applicable. The Register of Members will be closed from 11 August 1986 to 15 August 1986 both days inclusive. Dividend warrants will be posted on 5 September 1986 and will be payable on 8 September 1986.

By order of the Board
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries per: R B Appleton

Head Office and Registered Office:
Consolidated Building, Corner Fox and Harrison Streets, Johannesburg 2001.
P.O. Box 590, Johannesburg 2000.
London Secretaries:
Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE.
London Registrars:
Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.

24 July 1986



UK COMPANY NEWS

ICI profits drop 12% at midway

BY TONY JACKSON

A BETTER performance in petrochemicals and speciality chemicals, offset by a slump in agrochemicals and fertilisers, left Imperial Chemical Industries' trading profits in the second quarter unchanged from last year.

For the half year as a whole pre-tax profits were down 12 per cent, from £535m to £472m. Although this was much as the City had expected, the shares fell 18p to 982p.

Over the six months sales volume in chemicals rose by 4 per cent, with a further 3 per cent coming from acquisitions. Volume in petrochemicals and plastics had suffered in the first quarter due to customers waiting for prices to come down in line with raw material prices. However, Mr Trevor Harrison, group treasurer, said the division had seen volume gains in the second quarter.

Selling prices for all chemicals were on average 1 per cent lower than last year. Mr Harrison said that the most basic petrochemicals such as ethylene and propylene had suffered sharp price falls, but plastics prices had fallen only a little. "That's where the margins came through," he said.

Worst hit of the basic chemicals was ammonia, due to the slump in fertiliser demand. ICI normally produces ammonia for third party sales as well as for fertiliser production. However, Mr Harrison said "prices have dropped to a level where a lot of products are uneconomic. We've had to come out of third party ammonia sales since the first quarter."

The squeeze on farm incomes, which reduced fertiliser profits by £61m in the first half to only £7m, also affected agrochemicals. The weakness of the dollar, which was 25 per cent down over the first half, affected results in the important US market. Agrochemical profits were almost halved at £36m, and volume was down. "I've no evidence that it's getting worse at present, but it's not going away either," Mr Harrison said.

Despite dollar weakness, the pharmaceuticals division staged a 7 per cent rise in profits to £134m. Growth was particularly strong in the US and Japan, and the heart drug Tenormin continued to be the division's fastest growing product.

Other speciality chemicals — "effect" chemicals, in ICI jargon — showed e strong profits rise from £35m to £67m. This was dne partly to last year's acquisition of Beatrice Chemicals in the US, but also to growth in polyurethane sales in Europe and the US and the return to profit of the colours business.

Oil profits in the six months collapsed from £37m to £5m. "We expected it to decline, but not quite that fast," Mr Harrison said. Oil sales had dropped by £77m, or 53 per cent, between the first and second quarters, with balf the fall due to volume and the rest to price.

For the rest of the year, says ICI, the outlook depends on two things — currency movements, and the extent to which the expected boost to the world economy ectually occurs. Mr Harrison said "there'a no evidence of the improvement yet. Maybe that great enthusiasm of a few months ago about the impetus to growth may not be true."

After tax of £174m (£187m) and minorities of £18m (£29m), earnings per share for the first half were down 15 per cent at 43.1p. The interim dividend has been raised by 1p (7.7 per cent) to 14p net.

See Lex

Sir John Harvey-Jones, chairman of ICI

	Turnover First half 1986 £m	Turnover First half 1985 £m	Trading profit First half 1986 £m	Trading profit First half 1985 £m
CONSUMER				
Pharmaceuticals	471	464	134	125
Paints	346	352	21	24
Other effect products	723	689	67	35
Total	1,537	1,500	222	184
INDUSTRIAL				
General chemicals	868	908	79	77
Petrochemicals and plastics	1,340	1,508	75	52
Fibres	359	372	28	13
Industrial explosives	160	202	15	21
Total	2,390	2,631	190	163
AGRICULTURE				
Agrochemicals and plant breeding	397	424	36	70
Fertilizers and related products	535	641	7	68
Total	922	1,057	43	138
Oil and gas	294	595	5*	37

* After provision for petroleum revenue tax of £25m (1985 £78m)

Automated Security advances to £4.3m

WITH GROWTH from the Security Centres business acquired 10 months ago and buoyant trading elsewhere Automated Security (Holdings) made a good start to 1986.

For the six months ended May 31 1986 turnover expanded by 54 per cent, from £16m to £24.65m, and pre-tax profit by 36 per cent, from £3.3m to £4.5m.

The directors said they believe that a positive dividend policy should be maintained while re-investing a major portion of the profit to generate growth. The interim for the period, therefore, is lifted to 0.66p (0.55p) net per share from earnings of 4.29p (4.17p).

Heavy investment in market research and product development continued, and one of the major programmes, Security Watch, was being introduced.

Factors influencing market growth had been enhanced considerably by the renewed initiatives of the authorities to encourage proper security measures for the protection of private property. The group was in a position to capitalise on an escalating market, the directors said.

Network Security, in which Tace held a 25 per cent interest, continued to perform soundly and showed excellent prospects. Its first half contribution was enhanced by the flotation of its subsidiary, Interactive Technologies. A flotation nf its multi-family division was planned for the second half.

Scantronic, Securitag, and DSL were other group investments which the directors felt had considerable potential.

● **comment**

Automated Security Holdings pulled well clear of its UK competitors when it acquired Security Centres with the installed base rising to over 100,000—more than twice the runner-up Chubb. This year the expanded ASH is targeting 10,000 new systems sales, against a comparable 7,800 in 1985, so concern that the UK market is saturated seems overly alarmist. Rental income is a healthy 37 per cent of turnover, the same level as last year, and usefully down on the peak of 45 per cent hit in 1983 and 1984. With the US minority holdings a different strategy is emerging. For wblla these profits contain £800,000 (against £500,000) equity accounted from Network Security Corp, the flotation of a second of this company's subsidiaries on the OTC (the first, Interactive Technologies, waa listed at nine times ita book value) at some $35m compared with a book value of $3m has to put some realisations of capital gains close to tha top of the agenda. For the full year £13m pre-tax should be achievable, which puts the sharea down 8p at 185p on a prospective p/e of 12½ given a 15 per cent tax charge —which looks cheap if the police'a campaign to get us to care better for our own valuables as they cannot, succeeds as intended.

Dowty tops City estimates with recovery to £48m

AFTER A disappointing first six months, which saw profits fall £2.33m, Dowty Group staged a second half recovery to finish the year to March 31 1986 with pre-tax figures 8 per cent higher at £47.61m, against £44.23m previously.

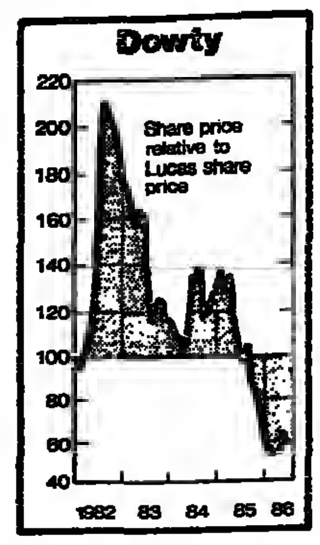
The result was better than City estimates of around £45m and the shares of this industrial holding company were marked up 13p to 218p at yesterday's close.

Lord Sandon, the chairman, said that operating profits up from £43.56m to £48.89m, exceeded the board's expectation at the half year stage due to higher volume, tighter control of costs and improved factory utilisation.

Turnover increased by 12 per cent to £515.8m (£462.7m). Sales were up in each of the four divisions, as was profits in all but the mining division. Overall margins were maintained.

A divisional breakdown of turnover and operating profits showed: aerospace £208.66m (£184.26m) and £25.52m (£21.78m); mining £153.69m (£142.5m) and £7.9m (£8.99m); industrial £59.67m (£56.2m) and £7.28m (£5.05m); and electronics £104.59m (£86m) and £7.98m (£7.89m). Inter-divisional trading accounted for £7.79m (£6.3m) of turnover and £203,000 (£144,000 losses) on profits.

Lord Sandon and North American aerospace margins were strong, while the industrial division's profits advanced significantly as a result of a 6 per cent sales increase, better internal economy and improved sales mix.



He added that Dowty's order book at the year-end had increased to £473m (£453m). This together with the expenditure on new product development, continuing search for improved efficiency and new products coming on stream gave the group confidence for continuing growth.

After tax of £17.67m (£16.99m) earnings per 50p share moved ahead from 13.3p to 14.4p. The final dividend is raised to 3.2p (2.8p) making a total up 10 per cent from 5p to 5.5p net.

Pre-tax figures wede struck after administration expenses of £26.45m (£27.16m), redundancy and closure costs of £0.6m (£2.48m) and interest charges of £1.17m (£0.41m received). Share of related companies' profits added £423,000 (£251,000).

Increased turnover was supported by higher levels of working capital and continuing investment in fixed assets. This resulted in a cash flow of £16.3m and the interest charge.

Lord Sandon reported that while reorganisation expenditures would not be entirely eliminated due to the group's constant search for economy, the worst was behind it so far as present market situations indicated. At the same time, capital investment in modern facilities including computer aided design and manufacture had proceeded on a rising scale.

He added that the aerospace division was benefiting from the successful launch of a number of new civil aircraft, while the military business was strong both in Europe and in the US.

The electronics side was making considerable progress in the defence field both in underwater and in missile systems. The division was also growing rapidly in information technology. These factors were more than offsetting the effect of the competitive MOD buying policies and the difficult electronic components markets.

In the mining division, Lord Sandon said Dowty's success overseas would help to protect it from a possible reduction in home demand. In eddition, the division was entering a number of new product fields which complemented its existing marketing strengths.

The industrial division bad improved its competitiveness and was repositioning itself into areas of higher technology.

See Lex

Chase inquiry into flotation of Windsmoor

By Richard Tomkins

Cbase Manbattan Securities, the broking bouse incorporating Simon & Coates and Laurie Milbank, confirmed yesterday that it was bolding an inquiry into an alleged atagging operation by senior Simon & Coates staff during the flotation of Windsmoor, the fashion bouse, last week.

The offer for sale of 6.6m sbares in Windsmoor at 106p bad been oversubscribed 2½ times the week before. When dealings opened last Thursday, rumours began circulating in the City tbat Simon & Coates staff had off-loaded more han 500,000 shares onto the market.

Any jrofits would bave been small in relation to the outlay because the shares peaked at a premium of just 7p before closing 6p up at 112p. However, Chese Manhattan is embarrased by suggestions that wben dealings began the shares it was marketing to institutions were being sold by its own employeea.

Chase confirmed yesterday tbat employees had subscribed for sbares in Windsmoor and sold them on the first day of lssue.

"Of course, tbere is no rule that employees of a stockbroking firm should not subscribe along with the pubtic in an offer for sale," Cbase said. "However, we are naturally coocerned at anything that might be interpreted as a conflict of interest and we are carefully examining the situation."

US worries on terrorism and Chernobyl will depress Saga

TERRORISM in Europe, the US bombing of Libya, and the Chernobyl disaster have badly affected trading at Saga Holidays, the tour operator which specialises in holidays for the over 60s.

The company lost £1.83m before tax in the six months to the end of April 1986—roughly the same as last year, but Mr Roger de Haan, the chairman, warned yesterday that the company expected a "significant reduction" in the full year profit, compared with last year's £4.07m.

Mr de Haan said that be regarded this year's combination of factors as exceptional, and be expects to maintain the dividend at 4.6p. Despite a 6.62p (7.29p) loss per share, tha interim is an unchanged 1.6p.

He did not give an estimate of the likely cost to the group of the big fall in the number of American visitors to Europe, but be disclosed that on Saga'a own figures the number travelling bad been rougbly halved. Last year around 25 per cent of the company's profits were earned from US business.

"There are signs of a recovery in Americans coming to London and we are sure that the Royal wedding will help," be added.

Group turnover went up by £3m to £23.92m, with a 12.7 per cent rise from the UK and 37 per cent from the US in dollar terms. Group overheads cost 19 per cent more, but investment lncome rose from £885,000 to £1.12m due to the investment of the proceeds of the sale of the hotel division. Tax credits came to £639,000 (£516,000).

Mr Roger de Haan, chairman of Saga

Mr de Haan told sbarebolders: "Saga's business is highly seasonal witb the majority of sales falling in the second balf of the financial year. Group overbeads are more evenly spread tbroughout the year. These increased 19 per cent in the perlod and as a result tour operating losses in the first half have increased."

During the perlod UK tour operating continued to make steady progress with increases in both the number of bolidays sold and revenue earned. The downward trend in sales of bolidays to Europe was more than compensated for by growth in sales of domestic, cruising, and long haul bolidays.

● **comment**

A *sorry saga in prospect* for the holiday group with US tourists understandably unwilling to risk tha dual hazzard of terrorist attack and radiation clouds and European visits thus down by over 50 per cent. Tha extensive promotion campaign and customer loyalty means that many elderly Americans bave stayed wlth Saga but on the lower margin US domestic tours. That has a knock-on effect to the UK business by disrupting the load factor, since UK and US tourists often go on the same bolidays. UK tourists are also visiting Morecambe rather than Moscow with a similar effect on margins. The upshot is that tha full year figures despite a seasonally better second half will depend on investment income for the pre-tax profits, which are likely to be around £2.3m. On a tax charge of 40 per cent, that leaves the shares at 152p on a prospective p/e of 19. There seems room for the price to fall.

Goode Durrant up £0.3m

REFLECTING a recovery in its exceptional provisions, the Goode Durrant and Murray Group reported yesterday an increase in pre-tax profit from £466,000 to £780,000 for the half year ended April 30, 1986.

A major stake in its capital recently changed hands. The UK Temperance and General Provident Institution sold its 5m shares (20.8 per cent) to Impala Pacific Corporation, which is listed in Hong Kong and controlled by Ariadne Australia, a general investment company.

The directors of Goode Durrant said they welcomed the Impala interest.

Goode Durrant, which operates in banking, financing, and property development, pushed up turnover from £34.54m to £38.37m in the period but profit was static at £726,000 (£716,000). There was a recovery of £54,000 in tha exceptional item, compared with a charge of £250,000.

The directors reported that the international trading division performed satisfactorily, but in the confirming operation results were affected adversely by the weakness of the Sonth African rand on translation. In bousebuilding and construction the trading result was satisfactory.

Once again substantial provisions have been made. They totalled £419,000 and comprised £265,000 against certain property investments and securities held against banking loans, and £154,000 against the decline in market price of certain quoted investments.

At April 30, shareholders' funds came to £20.36m (£19.8m at October 31 last), with cash and liquid investments accounting for 58 per cent. Net asset value was 75.3p (73.6p) per share.

SGB looks set for £19m

SGB Group, tha scaffolding business which in May agreed a £160m bid from construction and contracting concern John Mowlem, yesterday reported more than doubled interim profits of £8.3m. The directors indicated that the company was on tha way to meeting the £19m target set at tha time of the deal.

There was an extraordinary debit of £2.76m, of which half related to the costs of fighting off unwanted bids from C. H. Beazer and BET, and the referral of the latter'a order to the Monopolies Commission. Further costs have been incurred since the end of the six months to March 1986.

There is no interim dividend —last time it was 2.3p—which is in accordance with the terms of the Mowlem deal. Earnings per share rose from 5.4p to 12.3p after a £2.99m (£1.83m) tax charge.

Turnover rose from £90m to £93.8m. The directors said: "The highly satisfactory result reflects improved trading conditions across a broad range of the group's operations and the continued elimination of less profitable and loss-making activities."

After the extraordinary item attributable profits came to £2.53m (£2.26m).

Jurys Hotel profits rise by 35%

Jurys Hotel Granp, which joined the Irish stock exchange in April, raised pre-tax profits by 35 per cent from I£1.37m to I£1.86m (I£1.74m) in the year ended April 30, 1986.

Tbis result was similar to the I£1.8m forecast at the time of the offer for sale, whicb was more than five times oversubscribed.

Turnover climbed 16 per cent from I£13.82m to I£15.97m. After an unchanged tax charge of I£51,000 steted earnings per 25p shere were aheed from 7.6p to 10.6p, compared with a forecast of 10.3p.

Dividends paid in respect of the 1985-86 year amounted to 3.5p. As stated in the prospectus, no further dividends will be paid for thet year and the first amount intended to be paid, for whicb new sbares will qualify, will be the current year's interim.

Heiton returns to profit

Heiton Holdings, the Dublin-based holding company with interests in timber, fuel and building, turned round from taxable losses of I£339,000 to profits of I£237,000 (I£220,000) over the year to end-April 1986. However, after all charges there was an attributable loss of I£156,000 (I£529,000).

Turnover was virtually atatic at I£27.51m (I£27.49m) but exceptional items and interest cbargea were redneced to I£247,000 (I£568,000) and I£735,000 (I£904,000) respectively.

This left trading lossea lower at I£395,000 (I£965,000). Projects from associates were £I632,000 (£I626,000).

COMPANY NEWS IN BRIEF

J and J DYSON, maker of refractories and vehicle tankers and trailers, lifted its profit by 42 per cent in the year ended March 31 1986, from a turnover only 4 per cent ahead. The profit came to £1.04m (£728,000) and turnover was £43.15m (£41.43m). There was a tax charge of £149,000 (credit £164,000) to give earnings of 6.48p (6.52p). The final dividend is 2.5p for a net total of 4.5p, against 4p. There was an extraordinary debit of £179,000 (credit £285,000).

REDPATH INDUSTRIES, a Canadian subsidiary of Tate & Lyle, improved its pre-tax income from C$13.91m to C$14.55m (£7m) in the quarter to end-June 1986. This raised the total for the nine-month period to C$37.51m against a previous C$31.86m. Earnings per share emerged as C$0.53 (C$0.54) for the quarter, and C$1.38 (C$1.27) for the nine months on revenues of C$422m (C$318m).

DERBY TRUST reported that in the first half of 1986 earnings per income share were 4.25p (3.68p) and all this would be distributed on August 31. Dividenda and interest, including tax credit, amounted to £836,000 (£756,000). Net asset value per capital share et June 30 was 293p (247.75p at December last) and assuming full subscription of outstanding warrants 206.5p (225.5p). With effect from March 31 last 14,484 shares were issued at 115p each.

C. T. BOWRING, a UK subsidiary of the US insurance broking group, Marsh & McLennan, made pre-tax profits of £36.9m (restated £32.5m) in the first balf of 1986. Operating revenue was £85.6m (£72.8m) and tax took £14.1m (£13.7m). Directors said any comparison was adversely affectad by the strengthening of sterling, particularly against the dollar.

NEW LONDON OIL, the US based explorer and developer, reports a $521,000 (£349,000) loss for the 15 month period to end Marcb 1986 on turnover of $3.45m. The accounts also contain an extraordinary write-down of $8.52m (for a total loss of $9.06) on a revaluation of its oil and gas assets.

EADI HOLDINGS yesterday disclosed that it had built up e 6 per cent stake in Bruntons, the Scottish wire and rope manufacturer.

UK COMPANY NEWS

Confident Tace advances 29%

ALTHOUGH adverse movements in exchange rates held back Tace, the electrical group, its pre-tax profit for the half year ended March 31 1986 rose almost 29 per cent, from £1.33m to £1.71m.

In view of the continuing strong performance in the group, the directors are lifting the interim dividend from 2.1p to 2.84p net, from earnings of 14.5p (7.7p).

Without the adverse sterling/dollar exchange movement profits would have exceeded £2m and earnings more than doubled, they said.

Mr Jock Mackenzie, chairman, said strong trading performances had again been achieved in North America by the Goring Kerr (52 per cent owned) and Anderson groups, and the remainder of the group performed satisfactorily.

Turnover of this maker of electronic, electrical and mechanical control equipment, rose 22 per cent to £11.38m, and trading profit was up 36 per cent to £1.95m.

The chairman said that in the current year trading continued at increased levels, and a further material rise in profits for the full year was expected.

Goring Kerr was acquiring Peerless Control Systems which serves the food processing industry, and this was expected to provide an important addition to earnings in due course, said Mr Mackenzie.

Following the acquisition last January of the Nova range of secure personal mobile radin equipment, manufacture had started and initial sales were encouraging.

After tax £395,000 (£593,000) and minorities £298,000 (£249,000), net attributable profit came through at £1m (£486,000). There were extraordinary debits of £125,000.

● comment

Tace is concentrating so much of its business on detection of one form or another that you could be forgiven for expecting its head offices to be in Baker Street. The short term prospects for Goring-Kerr, in which Tace holds 52.5 per cent, are sluggish because of deferred orders. But the long term prospects are good with a device planned which can detect foreign bodies such as wood or glass plus another which can spot impurities through aluminium foil. Andersen Instruments, purchased last July, more than met its dollar targets, despite the hold up in legislation of the pollution monitoring device PM10. Specialist fastener manufacturer Thomas Eaves and heating element HA Birch were the best of the rest. For the full year an increase in pre-tax profits will be boosted by the effect of Andersen tax losses to give a considerable boost to earnings per share. On profits of £3.75m, the prospective p/e is a reasonable 16.5 at 470p.

Ladies Pride on way to profit

Ladies Pride, maker of fashion outerwear, almost reached break-even in the half year to May 31 1986, and confirmed that it was on course for a return to profitable trading by the end of the year.

In the period the company cut its loss from £138,000 to £13,000, despite a drop in turnover from £3.93m to £3.37m caused by the unseasonable spring weather.

Costs were reduced considerably and efficiency improved following the reorganisation last year.

Saffron Knitting returned to profits, and the directors were confident this would apply to all sections by the end of the year.

The interim dividend is again 0.5p net.

BOARD MEETINGS

TODAY

Interims:—Britoil, Lloyds Bank.

Finals:—Ailsa Investment Trust, Berisfords, Black Arrow, Marling Industries, Alfred Preedy, Radiant Metal Finishing, Rexmore, William Sommerville, Unigroup, Watsham's.

FUTURE DATES

Interims:—

Aaronson Bros.	July 31
British Petroleum	Aug 28
Commercial Bank of Near East	Aug 4
Consltd. Co Bultfontein Mine	Aug 4
Glynwed International	Aug 8
Griqualand West Diamond	Aug 4
Hickson International	Aug 7
Hongkong and Shanghai B	Aug 28
Royal Dutch Petroleum	Aug 7
Shell Transport and Trading	Aug 7

Finals:—

London and Gartmore Inv Tst	Aug 6
ML Holdings	July 31
Manor Estates	July 31
Zetters	July 30

Barrie defends with a 19% rise

Barrie Investments & Finance, which is currently involved in the defence of an unwelcome bid from Bestwood, has reported a 19 per cent increase in pre-tax profits in the year ended March 31 1986.

Barrie, a holding company, acquired a licensed deposit-taker in 1983 and has interests in financial services, property development and machine tools. It was previously known as Abwood Machine Tools.

Mr Geoffrey Suckling, the chairman, told shareholders in July that the £17m Bestwood bid was "wholly inadequate and should be rejected." Bestwood, which has built up a 29.96 per cent stake in Barrie, is offering four of its own shares for every 125 Barrie ordinary, with a 16p-per-share cash alternative.

For the year under review Barrie's pre-tax profits reached £1m against a previous £845,000. At the half-way stage the result was £498,000 compared with £371,000.

The directors have recommended an increased 0.2p (0.1p) dividend for the year, to be paid from earnings per 2.5p share up from 0.49p to 0.62p.

Group operating income improved by 40 per cent to £3.39m (£2.57m) but operating costs rose from £1.63m to £2.28m. The pre-tax result was after increased interest payments of £389,000 (£92,000).

Net profits came out £124,000 ahead at £602,000, but after an extraordinary credit of £197,000 last time, and preference dividends taking an unchanged £1,000, attributable profits to ordinary shareholders fell to £601,000 (£674,000).

Jacksons hit by relocation disruption

THE RELOCATION of a division proved more disruptive than had been expected for Jacksons Bourne End. Despite higher rental income and net interest received, pre-tax profit for this manufacturer of components for the shoe, automotive and furniture industries fell from £435,000 to £105,000 in the year to the end of March 1986.

However, there was an extraordinary credit of £402,000 (£90,000), representing the surplus on the sale of land at Bourne End, Buckinghamshire, and attributable profits finished ahead at £492,000, against £435,000 for the previous year.

Earnings per share before extraordinaries was 4.2p (16.2p) and 23.2p (20.5p) afterwards. The directors are recommending a maintained final payment of 4p to give an unchanged total dividend of 6p.

Manufacturing turnover rose by £632,000 to £5.46m giving a trading loss of £52,000 (£247,000 profit) after distribution costs of £181,000 (£143,000) and administration and selling expenses of £647,000 (£630,000).

Rental income was £251,000 (£218,000), net interest received was £115,000 (£72,000) and last time there was a £12,000 share of losses of a related company. The pre-tax figure was struck after taking account of reorganisation costs of £209,000 (£90,000).

● The company has sold Jackmore, a wholly-owned subsidiary, to Grampton, a former major shareholder.

Marina Development valued at over £8m in offer for sale

BY RICHARD TOMKINS

Marina Development, the marina operator which last week unveiled plans for a flotation on the Unlisted Securities Market, today publishes the prospectus for an offer for sale which will value it at £8.2m.

Guidehouse and Kitcat & Aitken, joint sponsors to the issue, are offering 5.5m shares —some 72 per cent of the enlarged equity—at 110p a share. A group of institutional backers has undertaken to apply for nearly 2.2m of the shares on the same terms as the public.

Marina Development owns six marinas in England where it operates a comprehensive service for yacht and boat owners including berthing, chandlery, repairs, and new and secondhand boat sales. It also operates a seventh marina at Torquay where a property development is under way incorporating a "galleria" complex of shops and restaurants.

The company is chaired by Mr Robin Aisher, 52, who is an executive director of Marley. Mr Aisher is a keen yachtsman who this week received the OBE for services to sport.

Growth since the marine business was founded in 1973 has been mainly financed through short-term borrowings, and the prospectus shows that heavy interest charges have produced pre-tax losses in all but one of the last five years.

In the period to last March, losses came to £162,000, but the directors are forecasting pre-tax profits of £770,000 for the current year, putting the shares on a prospective p/e ratio of 10.6.

The offer for sale will raise £6m, of which about £2.8m will be used to redeem debenture stock held by the institutional backers and the remaining £2.5m, net of expenses, will be used to cut borrowings. No directors are selling any shares in the issue.

The directors say they expect boating to benefit from the growing demand for leisure-related activities and they expect to cater for a greater demand for moorings by increasing the number of berths at existing marinas and through further acquisitions.

● comment

Marine Development's profit and loss record shows a good deal more of the later than the letter than the former over the last five years, and with £2.8m of spending on the Torquay development still to come, the short-term outlook would be looking considerably less rosy were it not for the proceeds from the flotation. The difficulty illustrated by Marina's record so far is that growth is a painfully expensive business, and if recourse to equity funding in future relieves the pressure on the pre-tax figure, dilution means it will simply be transferred to the bottom line. That said, Marine will always have the option of sitting on its bands and watching the cash pour in, and if enough organic growth can be extracted from the existing sites, there could be scope for progress without excessive calls on shareholders. The market will inevitably have reservations about the previous years' losses but the price is undemanding and there is security in the strong asset backing: so with 40 per cent of the issue already spoken for by the group of institutions, there are likely to be enough boat owners chasing the rest of the shares to see them off to a good start.

Viewplan's second-half setback

Viewplan, USM-quoted hirer of broadcast and non-broadcast equipment, could only break-even in the second half of its 1985-86 financial year, compared with £409,000 profit last time. As a result, year end pre-tax figuree showed a sharp fall from £704,297 to £367,325.

Mr Stephen Lakin, the chairman, said the cancellation of network football coverage and the effect of the severe winter led to temporary overcapacity in the outside broadcast market. The resultant price competition adversely affected the company's outside broadcast division.

However, despite difficulties during the winter, over the year as a whole the market for the core busines had grown, he added. Viewplan therefore continued to follow its stated policy of investing in the future and capital commitments were made in its existing operations of £2.5m.

The company also made significant investments in new businesses and it said it now considered that this investment programme was substantially complete.

Viewplan had made an encouraging start to the year and the board was confident that the major investments made over the past few months would bear fruit in the current period.

Turnover for the year ended March 31, 1986 rose from £2.88m to £5.1m.

There is a final dividend of 0.84p making a total for the year of 1.26p net. Stated earnings per 5p share declined from 5.97p to 4.03p, after a tax credit of £50,000 (£256,000 charge).

Provision for the loss on the disposal of Arkan Productions International was included in an extraordinary charge of £248,800—no account was taken of possible proceeds to be received in the future.

Higher costs slow BTS profit growth

BTS Group, maker and supplier of fast-fit accessories to the motor trade, raised pre-tax profits by just £30,000 to £594,000 in the year ended March 31 1986. Turnover of this USM company was 15 per cent higher at £9.1m, against £7.88m.

Earnings per 10p share, on a weighted average basis, were up from a stated 8.2p to 9.37p. A final dividend of 2.7p net makes a total for the year of 4p, compared with the 3.4p implied in the March 1985 prospectus. Last year's single final was 1.5p.

Pre-tax results in 1985-86 were struck after doubled net interest charges of £165,000 (£83,000). This was mainly because of the particularly late winter battery season which resulted in an extended period of high stock levels.

Distribution costs rose sharply from £528,000 to £809,000 following the occupation of the company's new purpose-built warehouse; the full benefits having not yet been experienced. Administration expenses were little changed at £1.18m (£1.11m).

Tax charge was £112,000 (£141,000) and there was an extraordinary credit this time of £288,000 relating to profit on the sale of Monarch Motoring Centres. Last year's extra ordinary charge of £92,000 represented USM placing costs.

The directors said that although it was too early to make a forecast for 1986-87, indications led the company to expect a satisfactory performance in the coming year. However, the increasing trend was towards more of its annual profits arising in the second half.

Hill & Smith 13% higher at £839,000

Hill & Smith Holdings, engineering group, lifted pre-tax profits by 13 per cent from £743,000 to £839,000 for the half year ended March 31 1986, on turnover 12 per cent higher at £14.38m, against £12.8m.

The directors said that although it was unlikely that the steel stockholding and forging divisions would contribute to group profits to the same extent as last year, demand for the company's fabricated products continued to be strong.

They were confident that profits for the 12 months would be a record.

After tax of £273,000 (£232,000) net profits showed an advance from £511,000 to £566,000. Stated earnings per 25p share climbed from 4.24p to 4.69p and the interim dividend is in effect raised, from 1.136p to 1.3p net—last year's total was equivalent to 3.5p.

London and Manchester premiums fall

For the first half of 1986 the London and Manchester Group reported a drop from £12.68m to £11.69m in new annual premiums and a fall from £28.18m to £25.83m in single premiums. Sums assured were up to £351m, against £304m.

It was pointed out that comparisons with 1985 were effected by the sales boom prior to the Budget that year.

The home service annual premiums remained at £5.5m while single premiums rose 66 per cent to £4.3m. In the general branch new business premiums increased by 25 per cent, reflecting the combined impacts of new product packaging and amendments to the premium rating structure.

On the life broker side, single premiums dropped to £14.4m (£15.6m) mainly as a result of reduced sales of guaranteed income bonds.

UK COMPANY NEWS

ANNUAL MEETINGS

Storehouse plans shops facelift

BY MARTIN DICKSON

British Home Stores, the retailing chain which merged last January with Habitat-Mothercare to create the Storehouse Group, is to be re-launched in September with a new corporate identity and a change in the look of its shops.

Sir Terence Conran, chairman of Storehouse, told yesterday's annual meeting that the appearance of all BHS's 128 stores would be changed over a single weekend.

Elaborating later, he said the facelift—involving new colours, graphics and lighting—would cost £8m and was designed to change the mood of the stores, making shoppers realise that BHS had become more exciting over the past year. It would be accompanied by a £1m-£2m television and press advertising campaign.

He told shareholders that he expected a "very satisfactory" profit outcome for the half year. April—the first month of the current year—had been "very disappointing," when, in common with other retailers, BHS's spring fashion sales had been hit by poor weather.

However, since the end of April group sales were 9 per cent ahead of last year. He declined to give figures including April. Trading performance in each division had materially improved since the second half of last year, when only modest increases were recorded.

Storehouse as a whole expected to spend over £100m on modernisation and expansion during this financial year, including a continuation of the three-year old BHS modernisation programme with the refurbishment of some 21 stores. Some 70 out of BHS's 128 stores would have been modernised by the start of the Christmas trading period.

Answering questions later, Sir Terence said that merchant bank advisers to both Storehouse and Burton Group had been given the task of finding an amicable solution to the dispute between the two companies over last year's take-over of Debenhams by Burton.

Sir Terence backed Burton in the bid and is demanding that it should honour an agreement to give him trading space and a design contract—a deal which Burton says was nullified by the Storehouse merger.

GKN man to take top post at B. Elliott

B. Elliott, the machine tool manufacturer, announced at yesterday's AGM substantial board changes, including the appointment of a new group chief executive, which it said was designed to strengthen its top management team.

Mr Tom Brown, at present managing director of GKN Vandervell, the engine bearings manufacturer, is to join the company at the start of September as group chief executive. The present chief executive, Mr Michael Beer, will become deputy chairman, with specific responsibility for relations with the City.

Mr Michael Dodson, managing director of Fairey Holdings' Butler insulators division, has been appointed executive chairman of Butler Newall, the machine tool subsidiary, and will join the main board.

Mr Mark Russell, the chairman, who will be retiring next year, told the meeting that, after coming through a difficult period of consolidation, the company was expanding into new areas and was looking for further growth through the development of existing businesses and further acquisitions.

Staveley hits at Government price curbs

The recent decision by the Monopolies and Mergers Commission to seek price control on the UK salt market came under more fire yesterday from Mr Ken Roberts, chairman of Staveley Industries which owns British Salt.

Shareholders at the company's annual meeting at London's Grosvenor hotel, were told by Mr Roberts that the decision was both unusual and paradoxical.

He claimed that "while the commission have recommended controls on future price increases we are fully committed to mitigating any adverse effects of this unusual decision by even more annual efficiency savings."

He argued that "it is paradoxical that British Salt should be singled out for control since there is no doubt, as shown in the report, that past price increases have been kept down by us, the low cost producer."

Extel confident of more growth

AN EVENTFUL year at Extel was rounded off yesterday with Mr Alan Brooker, the chairman, telling the annual meeting that the company can go from strength to strength.

He said that results for the first quarter of the current year were well up to expectations, and he believed that the company could grow further through commitment to its financial and business services, sporting news, specialist printing and publishing.

In May the company celebrated a Takeover Panel ruling preventing Mr Robert Maxwell from bidding for the company for at least a year with full year profits of £14.65m (£11.78m), almost £2m more than most analysts had expected.

Commenting on future developments, Mr Roberts said yesterday that negotiations concerning a daily televised racing service for betting shops were progressing well with Extel's prospective partners and the Racecourse Association.

The chairman said he had every reason to expect that Extel would have an important role to play in this and the financial outcome for the group would be "entirely satisfactory, and consistent with our ambitions."

Another important development, he said, was the consolidation of Extel's financial and business services under one roof in the City of London. In a couple of months Fitzroy House will house all staff in this part of the business and there should be "considerable benefits."

The chairman highlighted the acquisitions by Burrups Printing Group of C. R. Barber and Partners which specialises in database typesetting and electronic publishing services and the purchase by Benns of CFE Publishing. "This was part of the development of Extel's publishing interests and takes the company for the first time into the top end of the consumer publishing market," he said.

"This is an exciting period for Extel, particularly with its close association with the City of London, where we expect to benefit from the rapid changes taking place," he concluded.

● At other annual gatherings yesterday Mr John Taylor, chairman of Freshbake Foods confirmed that the strong sales growth had continued in the first quarter of the current year.

"While it is too soon to forecast the prospects for the remainder of the year the directors are confident of a satisfactory outcome for the full year," he said.

● Metal Box's chairman, Dr Brian Smith, told shareholders that in the first quarter, sales achievements had generally been satisfactory and overall in profit terms the company was ahead of the corresponding period last year.

Over the past five years more than £130m has been spent reshaping Metal Box. This included significant redundancy costs.

Dr Smith said it was not possible to say that rationalisation was complete, but he hoped the major element was over and the emphasis would be on growth.

Century Oils

Century Oil's annual meeting was told that progress in the wake of the miners' strike had been maintained.

Mr Charles Mitchell, the chairman, said that success in market developments was being offset by lower selling process and currency movements, but benefits from greater operating efficiencies had resulted in an overall improvement in the first few months of the current year.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§125	F.P.	24/7	167	136	‡Accord Publications 5p	167	.....	Rd3.1	2.6	2.6	21.1
‡‡	F.P.	15/8	127	108	‡Airsprung Group 10p	108	−2	5.4	2.8	7.0	7.1
§115	F.P.	22/8	141	128	‡Anglia Sec Homes 10p	130	−2	R1.63	5.0	1.8	16.0
115	F.P.	11/7	190	155	Arlington Sec. 10p	170	−5	b1.7	4.3	1.4	23.3
§67	F.P	8/8	71	68	‡BBB Design Grp 5p	70	−1	L1.0	4.2	2.0	16.8
§145	F.P.	15/8	158	145	‡Beaverco 5p	152	.....	u5.0	2.4	4.6	12.0
‡‡	F.P.	—	53	41	Bertrams Inv. Tst	44	.....	—	—	—	—
§37½	F.P.	25/7	43½	38	‡Bipel 5p	42	.....	R1.225	3.1	4.1	10.5
125	F.P.	8/8	147	128	‡Borland Intl. Inc	141	+2	uQ2c	1.4	1.0	19.7
145	F.P.	25/7	175	148	Bredero Props	150	−2	R4.25	2.3	4.0	12.7
§60	F.P.	20/6	61½	54	‡Brit. Isl. Airways 10p	55	.....	bd2.82	2.1	7.2	7.7
§63	F.P.	6/8	69	61½	‡Camtech 10p	66	.....	R2.0	2.4	4.3	13.5
§110	F.P.	18/7	115	85	‡C'bell & Armstrong 5p	100	.....	u3.91	1.9	5.5	12.7
§125	F.P.	7/8	135	129	‡Chelsea Man 5p	129	.....	L2.2	2.8	2.4	21.2
‡‡	F.P.	18/7	110	85	Clarkson (Horace)	100	−2	L4.75	1.5	6.7	13.7
¶	F.P.	—	100	60	Clayform Warrants	60	.....	—	—	—	—
§84	F.P.	1/8	91	84	‡Coated Electrodes 5p	88	.....	u3.9	1.6	6.2	13.7
237	100	—	110	90	Dee Corp.	95	−2	5.8	1.9	3.6	17.8
§58	F.P.	4/7	82	59	Denistron Intl 5p	77	−3	u1.65	2.1	3.0	19.7
§70	F.P.	22/8	74	71	‡Fletcher Dennys Sys 5p	74	.....	L2.5	1.9	4.8	15.7
210	F.P.	—	200	191	G. T. Management 1p	195	.....	R3.0	3.4	2.2	16.4
150	F.P.	25/7	155	150	Guthrie Corp	152	.....	u5.3	2.2	4.9	9.7
150	F.P.	—	161	157	Harrison Inds. 10p	157	−2	Sq5.0	2.7	4.5	11.8
§92	F.P.	28/8	93	87	‡Hille Ergonom 10p	88	−2	L2.0	3.1	3.2	12.1
§85	F.P.	24/7	117	90	‡Hodgson Hldgs 5p	130	−3	R2.13	2.3	2.7	20.0
§20	F.P.	—	25	21½	‡Hughes Food 5p	24	−1	Ro.5	2.8	2.9	17.3
—	F.P.	—	£36	£36	JF Pacific Warrant S.A.	£36	.....	—	—	—	—
R30	Nil	—	325	180	Joel (H.J.) Ltd Units	180	.....	—	—	—	—
§154	F.P.	13/8	159	158	Kleinwort Dev. Fnd	158	.....	—	—	—	—
100	F.P.	15/8	90	85	‡M6 Cash & Carry	88	−1	u3.55	2.1	5.7	9.8
¶500	F.P.	29/8	516	440	Morgan Grenfell £1	440	−3	L8.5	—	2.7	—
§120	F.P.	—	120	112	‡Personal Computers 5p	112	−3	R3.0	3.3	3.8	11.4
§113	F.P.	29/8	114	113	St. David's Inv. Tst. Inc.	113	−1	H68	—	8.5	—
§75	F.P.	29/8	77	75½	Do Cap.	75½	−½	—	—	—	—
§72	F.P.	15/8	160	99	‡Shield Group 5p	135	.....	L2.0	3.1	2.1	19.7
§165	F.P.	1/8	184	162	‡Smallbone 10p	162	.....	u5.0	2.1	4.3	15.1
—	F.P.	—	55	43	Smith Newcourt War'ts	50	.....	—	—	—	—
§40	F.P.	31/7	42	35	‡Soundtracs 5p	40	.....	61.2	2.8	4.2	11.9
§98	F.P.	6/8	106	90	‡Space Planning 10p	102	.....	R1.8	3.4	2.5	16.6
§110	F.P.	28/8	125	119	Stanley Leisure	124	.....	u3.25	2.8	3.7	13.7
130	F.P.	—	142	135	‡TV-am 10p	139	−2	R5.75	2.6	5.8	9.3
§95	F.P.	25/7	114	104	‡Task Force 5p	110	.....	R1.78	3.8	2.3	16.3
112	F.P.	6/8	130	116	Tenby 50p	128	.....	u4.0	2.6	4.4	9.9
190	F.P.	1/8	242	219	Thames TV	225	.....	49.5	1.9	5.9	12.6
120	F.P.	6/8	130	100	Tibbet & Britten 5p	125	.....	R3.5	2.6	3.9	14.0
§63	F.P.	22/8	68	66	Unilock 20p	66	−1	1.98	2.7	4.2	12.5
£12.70	Nil	—	260	130	Wight Collins RS ##	210	+40	—	—	—	—
106	F.P.	22/8	112	110	Windsmoor 5p	110	−2	u3.25	2.3	4.2	14.8

FIXED INTEREST STOCKS

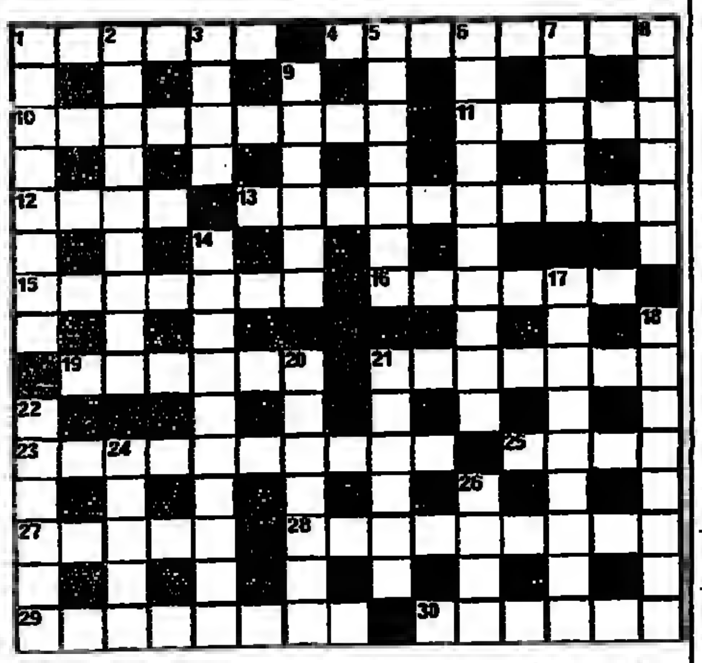
Issue Price £	Amount Paid up	Latest Renunc Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
§97.947	£25	17/9	27⅛	25⅛	Bankers Inv. Tst. 10½% Deb. 2016	25⅛	.....
§99.256	£30	29/8	30⅛	26⅞	Brit. Alcan Aluminium 10⅞% Deb. 2011	27⅛	.....
§94.203	£25	31/10	25¼	22¼	Brixton Est. 9.5% 1st Mort Deb 2026	23¼	+⅛
§100p	F.P.	15/8	107p	105p	Business Mortgages Tst. 8.6%Cam Prf.	107p	.....
109.89	£40	29/8	40	37¼	Estates & Gen. 11¼% 1st Deb. 2018	37¼	.....
§94.45	£30	31/10	32¼	28¼	European Inv. Bank 9%Ln 2001	28¼	.....
¶	Nil	29/8	5pm	2pm	‡Fergebrook 12% Cnv Uns Ln 1992-97	2pm	.....
96.114	£25	24/10	27⅛	25	Globe Inv. 10% Deb. 2016	25⅛	.....
§99.054	£40	12/9	41¼	39⅛	Govett Strat. Inv. Tst. 10⅞% Deb. 2016	39½	+⅛
97.963	£25	24/10	25¼	19¼	Gt. Portland 9½% 1st. Mort. Deb. 2016	19½	.....
—	—	—	28¾	28¾	JF Pacific Warrant S. A. Pref.	28¾	.....
105.523	£25	21/8	26	18⅛	Land Securities 10% 1st. Mort. Deb.25	18⅛	+⅛
¶	F.P.	14/8	101½p	97p	Leigh Int. 6% Cnv. Cum. Red. Prf.	100p	+2
§99.793	£25	24/9	24⅝	21	Lon. Shop Prop. 10% 1st. Mort. Deb. 2026	21⅛	.....
¶¶	F.P.	—	101	96	Mercury Intl. 7⅜% Cum Pref.	97	.....
‡‡	F.P.	—	136p	136p	Morgan Grenfell 11¼% Cum Prf.	136p	.....
—	F.P.	—	100	99	Nationwide 9 11/16% 6/7/87	99 11/16	+1/16
—	F.P.	—	100⅛	99⅞	Do. 10⅛% 27/7/87	99 15/16	+1/16
§99.937	£25	24/10	25⅛	23⅞	Do 3⅞% IL Ln. 2021	24	.....
¶100	£10	2/9	9	8	Newcastle & Gate. Wtr. 7% Red. Prf. 94/6	8	.....
95.512	F.P.	8/8	98½	94¾	Scot.Mort.6%—12%Ste'd int.Deb.2026	96⅛	+⅛
§105	£50	10/10	46	44	Smith New Court 12pc Uns. Ln. 2001‡‡	44	−1½
§99.073	£25	8/8	25¼	22⅞	Tops Est. 10¼% 1st. Mort. Deb. 2011/16	22⅞	.....
100	£50	12/9	50¾	46½	Witan Inv. 9½% Deb 2016	46¾	−⅛

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc Date	1986 High	1986 Low	Stock	Closing Price p	+ or −
49	Nil	29/8	36pm	21pm	Abaco Invs. 5p	21pm	−2½
40	F.P.	4/8	51	42	Anglo African Fin. 7½p	42	.....
470	F.P.	4/8	670	570	Antofagasta Hldgs. £1	625	.....
55	F.P.	—	55½	45	Bertrams Inv. Tst.	45	.....
250	F.P.	12/9	280	247	Boase Massimi Pollitt 12½p	247	.....
170	Nil	2/9	29pm	16pm	Coloroll 10p.	20pm	−3
465	F.P.	29/8	565	526	Costain Group	526	−10
145	Nil	20/8	40pm	32pm	Dataserv. Inc. 5c.	32pm	−2
130	F.P.	14/8	146	138	Erskine House	140	.....
165	Nil	28/8	20pm	7pm	Expamet Intl.	9pm	.....
148	F.P.	20/8	182	168	Ibstock Johnsen	168	.....
215	F.P.	15/8	278	230	Intl. Signal & Control 10c	230	−7
200	Nil	29/8	20pm	10pm	‡Meadow Farm Prod. 10p	20pm	.....
120	Nil	—	17pm	17pm	Medminster	17pm	.....
£14	Nil	12/9	230pm	220pm	Priest Marians £1	230pm	.....
44	F.P.	28/8	6pm	4pm	‡Sheraton Secs. 10p	4pm	.....
25	F.P.	11/8	29	25	Sovereign Oil & Gas	25	.....
125	Nil	—	11pm	11pm	‡Ted 5p	11pm	.....
90	Nil	17/9	2½pm	1pm	Top Value Inds. 10p	1pm	.....
38	Nil	28/8	2½pm	¼pm	‡Yelverton Invs. 5p	¼pm	.....
41	Nil	29/8	35pm	22pm	‡York Mount	24pm	+2

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated Dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ¶¶ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ##Units comprising new ord. & Cnv. Cum. Red. Pref. shares.

FT CROSSWORD PUZZLE No. 6082



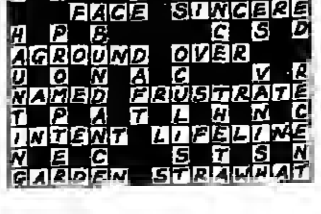
ACROSS

1 Being late with an empty lorry is fatal! (8)
9 Ran out of clothes (8)
10 The club were first to be beaten (9)
11 Microbes start in mouth of vessel (5)
12 Lively display on the last day (4)
13 Novelty pub gets spontaneous applause (10)
15 Heighten with henna mixture before church (7)
16 Stick of fish behind the music centre (6)
19 During rest break it's all right to caress (6)
21 Grit firm rave about union leader (7)
23 Sort of train one has in operation for a term (10)
25 Staunch back pockets (4)
27 Brown has a half pint, in the main (5)
28 A controller might get stress (9)
29 The new outside left is in a lonely place (8)
30 Good head reads novel to classes (6)

DOWN

1 Late last month, when caught in a rising river (8)
2 Tree photographed by famous barracks (9)
3 Spoke untruthfully about one being controlled (4)
5 Ring American after new diet gets monotonous (7)
6 The additional one upset us, being irrelevant (10)
7 A uniform colour (5)
8 Be sure to finish after two notes on piano (6)
9 Look clean again after grubby start (6)
14 I learnt not to become bigoted (10)
17 Hired daily to deter disaster (9)
18 Needing assistance, the man spells trouble (8)
20 A male nurse will change first; that's guaranteed (7)
21 Feature includes work by composer (6)
22 Wild animals in pounds start snarling (6)
24 A worthless purchase I left for the student (5)
26 A female artist retires a long way away (4)

Solution to Puzzle No. 6,081



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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AUTHORISED UNIT TRUSTS & INSURANCES

Wardley Unit Trust Managers Ltd (a)
Wardley House, 7 Devonshire Sq, EC2 01-929 1532

American Tst	63.3	68.1		1.8
Far East & Gn Tst	104.2	110.9	+1.7	0.4
Intl Growth Tst	68.1	72.5	−0.4	0.7
Income Tst	83.2	89.5	−0.3	5.6
Japan Growth Tst	127.1	136.7	+1.2	0.2
Small Cos. Tst	111.3	119.7	−0.2	2.0
Tchnlgy Tst	33.1	35.5	+0.2	0.2
Australia Trust	35.4	38.0	−1.4	2.1
UK Trust	127.6	135.8	−0.5	2.7
European Growth Tst	49.9	53.1	+0.6	1.2
Hong Kong Tst	22.4	23.9	+0.5	1.6

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	15.2	16.2	−0.7	0.15
Pacific Basin	13.0	13.9	−0.2	0.2
Canadian Balncd Grwth	56.1	60.0	−0.9	0.98
Ginnie Mae	101.1	105.3	+0.3	7.3

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS 0272 428431

British Smllr Co's (z)	56.7	58.3	+0.1	1.50
British Growth (z)	66.1	68.2	+0.1	2.00
British Income (z)	64.6	66.3	−0.1	5.00
British Extra Yield(z)	50.2	51.6	−0.1	7.00

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085/6

Short Dtd Gilt Fd	67.4	68.5	−0.1	0.00
U.S. Govmt Bond F	50.505	0.508	−0.001	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Capital & Equity Tst	47.0	50.9		7.79
Growth Trust	50.9	54.2	−0.2	2.26
Income Trust	52.7	56.1	−0.1	5.22

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	67.6	71.1xd		2.95

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	120.8	128.6xd		3.53

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 35542

AA Friendly Sy July 11	107.4		—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser 1	206.0	216.7	—	—
Equity Ser 1	98.7	103.9	−0.1	—
Prop. Acc. Ser 2	277.0	291.6		—
Equity Ser 2	107.3	113.0	−0.1	—
Selective Acc	233.3	245.6		—
Prop. Ser 4	218.6	230.2		—
Equity Ser 4	111.1	117.0	−0.1	—
Fixed Int. Ser. 4	188.3	198.3	+0.5	—
Indexed Inv. Ser 4	114.1	120.2	+0.4	—
American Ser. 4	251.3	264.6		—
High Inc. Ser. 4	282.7	297.6	−0.6	—
Japan Ser 4	248.7	261.8	+1.0	—
Man. Ser 4	346.7	365.0	−0.3	—
Money Ser G	194.3	204.6		—
European Ser G	110.8	116.7	−1.1	—
Pension Funds				
Property	354.7	373.4		—
Equity	747.3	786.7	−2.0	—
Selective	246.1	259.1	+0.1	—
Managed	608.3	640.4	−0.8	—
Security	334.4	352.0		—
Fixed Int.	200.4	211.0	+0.4	—
European	172.7	181.8	−2.0	—
American	208.2	219.2	−0.1	—
Japan	260.7	274.5	+1.3	—

Antaa Life Insurance Co Ltd
401 St John St, London EC1V 4QE 01-833 2303

Life Funds (Accumulator Units)				
Squirrel	10.57	11.13		—
Bear	11.11	11.72	+0.01	—
Owl	11.41	12.03	−0.04	—
Bull	13.11	13.83	−0.06	—
Stag	12.70	13.37	−0.09	—
Gilt-Edged		11.10	+0.01	—
Deposit		9.71		—
Pension Funds (Accumulator Units)				
Squirrel	11.24	11.84		—
Bear	11.95	12.58	+0.02	—
Owl	12.23	12.88	−0.06	—
Bull	14.79	15.57	−0.09	—
Stag	14.27	15.03	−0.12	—
Gilt-Edged		11.21	+0.02	—
Deposit		9.86		—
Exempt Approved				
Mixed Managed	129.58	132.29	−0.57	—
Gilt-Edged		11.21	+0.02	—

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar 0707 42311

Cannon Assurance Ltd—Continued

Index	110.7	117.1	+0.7	—
Far East	176.6	186.9	+0.7	—
Global	95.0	100.5	+0.4	—
European	97.6	103.3	+0.3	—
Japan	110.1	116.5	+0.3	—
2nd Series Pension Accumulation				
Equity	482.3	510.4	+4.2	—
High Income	317.0	336.3	+3.1	—
Property	281.1	297.5		—
Managed	336.0	355.6	+1.7	—
Deposit	250.0	265.3		—
Gilt	252.6	267.3	+0.7	—
American	383.1	405.4	+0.8	—
International Money	270.6	286.3	−1.0	—
Index	121.0	128.0	+0.3	—
Far East	191.7	202.9	+0.8	—
Global	95.1	100.6	+0.4	—
European	98.4	104.1	+0.4	—
Japan	114.1	120.7	+0.3	—
Other Funds				
Equity Units		65.55	+0.51	—
Property Units		21.33		
Equity Bond/Exec	40.99	43.38	+0.33	—
Property Bond/Exec	28.77	30.44		—
Balanced Bond/Exec	33.23	35.16	+0.13	—
L&E EIF 1	109.0	115.0	+0.5	—
L&E EIF 2	71.0	75.5	+0.5	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	104.0	110.0		—
Risk & Reward Bond	117.0	124.0	−1.0	—
Murray Johnstone Fd	116.0	123.0		—
Money Market Fd	100.0	106.0		—
Ivory & Sime Pens Fd	97.0	103.0		—
Risk & Reward Pens Fd	100.0	106.0		—
Murray J'stone Pens Fd	114.0	120.0		—
Money Market Pens Fd	100.6	106.0		—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel. 0908 606101/660888

Current Series				
Property Fund	113.9	114.9		—
Money Fund	214.7	231.3		—
Managed Fund	405.6	427.0	+1.3	—
Equity Fund	251.4	264.7	+0.2	—
Fixed Interest Fund	149.9	157.8	+0.4	—
Far East Fund	203.4	214.2	+3.1	—
North American Fund	188.0	198.0	+0.3	—
Natural Resources Fund	125.4	132.0	−0.5	—
S.U.N. Flex Fund	117.5	123.7	+0.2	—
Pension Managed Fund	376.3	396.2	−0.7	—
Pension Equity Fund	239.3	251.9	−0.8	—
PBR Fund	123.4	129.9		—

For other prices please telephone 0908 606101/660888

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds				
Mixed	129.8	136.7	−0.6	—
Equity	146.2	154.0	−1.2	—
Property	108.2	113.9	+0.1	—
Gilt & Fixed Interest	116.3	122.4	+1.0	—
Indexed Securities	100.3	105.6		—
Cash	106.4	112.3		—
North American	106.7	112.4	−0.6	—
Far East	129.5	136.4	+0.5	—
International	121.8	127.6	−0.3	—
Special Situations	144.0	151.6	−0.7	—
International Income	137.4	144.7	−0.3	—
American Income	113.7	119.8		—
European	134.3	141.4	+0.8	—
Flexible Retirement Plan				
Mixed	133.1	140.2	−0.5	—
Equity	141.7	149.2	−0.2	—
Property	112.3	118.3		—
Gilt & Fixed Interest	121.6	128.1	−1.1	—
Indexed Linked	102.0	108.5	+0.3	—
Cash	114.2	120.3		—
North American	111.6	117.5	−0.2	—
Far East	145.2	152.0	+0.7	—
International	128.5	135.3	+0.1	—
Special Situations	162.5	171.1	−1.0	—
European	148.5	156.4	+1.2	—
Executive Investment Pension Plan				
Prices on July 2. Unit dealings on Wednesday				
Cash Fd	136.8	144.1		—
Mixed Fd	188.8	198.8		—
Fixed Int. Fd	151.2	159.2		—
UK Equity Fd	221.9	233.6		—
Property Fd	130.6	137.5		—
Overseas Fd	179.1	188.6		—
Index Linked Fd	109.8	115.6		—
Stock Ex. Fd	152.7	160.8		—
North Am Fd	115.9	127.1		—
Far East Fd	144.0	151.6		—
Special Sits Fd	160.5	169.0		—
Europ. Fd	150.4	158.4		—

Initial prices available on request.
For other prices telephone 0272 290566

Clerical Medical Managed Funds Ltd
15 St James's Sq, London SW1Y 4LQ 01-930 5474

Cash	169.4	169.4		—
Mixed	275.4xd	282.3		—
Fixed Interest	240.0	243.6		—
UK Equity	325.7	335.5		—
Property	249.7	254.4		—
Overseas	276.1	289.4		—
Index Linked	124.8	126.7		—
Stock Exchange	158.0	161.9		—

Prices on July 16. Unit dealings on Weds.

Colonial Mutual Group
24 Ludgate Hill, London EC4P 4BD 01-248 9861
CML (Unit Assurances)

Key		155.10		—

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $16.00 | −0.01 | —

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. ... $16.00 | −0.01 | —
Inv. Adv.: M. S. & Inv. Mngt. Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... $18.65 | +0.15 | —
Dynamic Grth Fd ... $20.03 | +0.01 | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund ... $11.91 12.61 | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAP	Int Cr
The Charities Deposit Fund 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	9.50			13-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	9.51	7.11	10.36	6mth
7-day Fnd	9.51	7.11	10.36	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	9.40	7.03	10.07	6-Mth
7-day Fund	9.52	7.19	10.31	6-Mth
Dollar	5.31	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAP	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	9.25	6.80	9.82	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acct.	9.25	6.91	9.99	Qtr
Mth. Inf. Chq.	9.25	6.91	10.04	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
High Int. Cheque Acc.	10.125	7.57	11.04	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	9.45	7.06	10.28	Mth

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ε Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	30	NEI	11
BAT	35	Nat West Bk	48
BOC Grp	28	P & O Dfd	45
BSR	11	Plessey	18
BTR	28	Polly Peck	16
Babcock	17	Racal Elect.	16
Barclays	45	RHM	20
Beecham	40	Rank Org Ord	45
Blue Circle	55	Reed Intnl	75
Boots	22	Sears	12
Bowaters	30	TI	62
Brit Aerospace	45	Tesco	32
Brit. Telecom	17	Thorn EMI	45
Burton Ord	20	Trust Houses	15
Cadburys	17	Turner Newall	18
Charter Cons.	22	Unilever	120
Comm Union	28	Vickers	40
Courtaulds	26	Wellcome	17
FNFC	17	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs.	30
Glaxo	85	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	85	Samuel Props	25
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min.	2½
Hanson Tst.	16	Brit Petroleum	48
Hawker Sidd	48	Burmah Oil	30
ICI	55	Charterhall	6
Jaguar	38	Premier	3½
Ladbroke	32	Shell	55
Legal & Gen	24	Tricentrol	11
Lex Service	28	Ultramar	18
Lloyds Bank	78	**Mines**	
Lucas Inds	52	Cons Gold	40
Marks & Spencer	18	Lonrho	24
Midland Bk	44	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

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COMMODITIES AND AGRICULTURE

Survival plan for Indian jute industry

By P. C. Mahanti in Calcutta

THE TROUBLED Indian jute industry—still a substantial foreign exchange earner and one of India's biggest industries—has devised a survival strategy which switches the emphasis to export promotion from the domestic market, where competition from indigenous synthetics is becoming increasingly aggressive.

The Government, which has firmly turned down nationalisation demands from the marxists in West Bengal and the trade unions concerned, has been quite sympathetic and is encouraging jute export promotion efforts through more attractive cash subsidies. Its promotional agency, the Jute Manufactures Development Council is funding overseas campaigns for jute out of its own funds and an export price stabilisation fund scheme is about to be launched. The industry feels the fund would help not only to strengthen footholds in traditional markets but also to find new ones. Indian jute goods already go to over a hundred countries with the US, the Soviet Union, West European countries and Japan the leading buyers.

Mr R. K. Jalan, chairman of the Indian Jute Mills Association, believes that, with steady Government encouragement, the industry could be poised for a breakthrough on the export front. Exports of jute carpet-backing, the industry's highest value product, has risen substantially to the US and a share of the market lost to US synthetics has almost been recaptured. In fact exports of all varieties of jute goods have started picking up and enquiries keep coming in from overseas buyers both traditional and new.

Prosperous Days

In its prosperous days in the 1940s and 1950s the industry exported 70 per cent of its output, but the proportion came down to only 30 per cent at the beginning of this decade, or roughly to 400,000 tonnes. During the past three years it came down further to only 300,000 tonnes.

The current year's export target is 350,000 tonnes, which the industry says will be eventually exceeded.

The industry is also making efforts to consolidate its position in the domestic market, which now absorbs nearly two-thirds of the total output. Here the Government's attitude has been positively helpful. It has assured the industry that a plan is being worked out under which the domestic packaging market would be equitably divided between the synthetics and jute, with segments of the domestic market clearly demarcated for each. On its own the industry has been moving to contain the synthetic threat in the domestic market by producing a wider variety of decorative materials which are getting increasingly popular in affluent homes.

It has started producing bags lighter and more economical for the cement industry where synthetics have had an edge on cost. The industry realises, of course, that its future will be secure only when it has modernised its weaving and finishing equipment and thereby acquired greater competitiveness. If the mills have been dragging their feet on the issue of modernisation, much to the annoyance of the Government which has set up soft-term loan funds through public financial institutions specifically for the purpose, it is because of the difficulties the mills are facing against, the most intractable being the labour rationalisation issue.

The 130-year-old industry is highly labour intensive, but modernisation is bound to cause redundancy problems. Here politically led labour with strong backing from the Marxist Government of West Bengal (where most of the jute mills are located) has been opposing tooth and nail all suggestions to rationalise labour. The industry has so far found it impossible to pursue the matter either with the trade unions or the State Government, but it is not giving up.

According to the Indian Jute Mills Association a plan is being prepared under which the whole emphasis will be on higher productivity with the minimum of retrenchment. Mr Jalan argues that until the proportion of the wage cost to the total comes down to 20 per cent from the present 35 per cent, the industry cannot attain any true competitive strength considering the fierce nature of competition it has been facing. It remains to be seen, however, how the industry will go about achieving that objective. As far as New Delhi is concerned it seems to be caught in a cleft stick: it does not want to displease jute mill labour but it wants to see the jute industry, a major foreign exchange earner and a source of considerable employment, thriving and secure.

Ministry to separate Dairy Crest from MMB

BY ANDREW GOWERS

BRITAIN'S AGRICULTURE Ministry is expected today to announce significant changes in the commercial operations of the Milk Marketing Board, including a more effective separation between the MMB and its manufacturing subsidiary, Dairy Crest Foods.

The restructuring is the result of tough negotiations between the Board, the independent dairy companies and the Ministry, and it follows sharp criticism of the Board in a Government-commissioned consultants' report earlier this year.

The MMB is a statutory cooperative owned by English and Welsh dairy farmers. Dairy Crest is Britain's largest manufacturer of butter and cheese, and has been frequently criticised as an unfair competitor by companies like Express Dairy and Unigate.

Following today's announcement, the Board is likely to be required to run Dairy Crest more separately than it has hitherto, by turning it into a wholly-owned subsidiary. In this form, it is also understood that the administration of Dairy Crest will be subject to close monitoring by the Ministry—particularly with regard to possible further expansion or to borrowing.

There has been speculation that this might be a prelude to a stock market flotation of Dairy Crest as a completely separate company, as demanded by some of the independent companies. However, it appears that the Board has succeeded in resisting such pressure. It is also unlikely to be asked to make Dairy Crest into a quite separate producer cooperative.

"Dairy Crest is not for sale," it reiterated yesterday. "Such proposals are totally unacceptable to the Board and to milk producers."

In their report issued in January, management consultants Touche Ross criticised Dairy Crest for a poor financial performance and chastised the MMB for giving too much weight to producer interests in price negotiations.

The changes to be announced today are designed to go some way towards meeting this criticism, as well as to head off any further scrutiny of the Board's arrangements at the European Commission in Brussels. Under EEC law, the Board is obliged to put its commercial activities "so far as practicable ... on an equal footing with the activities of independent commercial undertakings."

Potato futures on the boil

BY JOHN BUCKLEY

THE CHAMPAGNE corks are likely to be popping round the London potato futures ring next Thursday as a record volume is turned in for the second month this year. Twice in July the market has beaten previous record daily turnovers and with five trading days to go the April all-time high of 33,080 lots is already being nudged.

That the volatility which has brought traders and speculators flocking back to potato futures will continue seems certain, floor brokers predict.

This week the UK Potato Marketing Board (PMB) released its first estimate of registered plantings at 151,505 hectares, seven per cent down on last year against earlier trade prediction of a three to four per cent fall. According to the journal Potato Markets total acreage including unregistered area may now be only between against 179,000 last year.

Meanwhile yields, hit by late plantings, a cold late spring and pockets of near drought in many key areas in June and July, could drop to 34 or 35 tonnes a hectare from last year's 37.

Analysts say this points to a fall in production of about 1m tonnes from last year's 6.6m and a possible UK deficit of 500,000 tonnes.

Futures prices have also been hoisted by reports that French and Dutch ware (old crop) potato areas are lower than expected while yields in both countries appear to have suffered worse than in the UK from hot dry weather. Both the Netherlands and France should still have an export surplus to meet UK deficits but not without squeezing the earlier European picture of plenty.

Since the market started its rise in the spring, April, the most active position, has more than doubled trade at £218.50 this week. Some producers claim that this is an over-reaction to the prospective squeeze and that high closing out premiums over physicals in the late spring helps drag in foreign imports which may ultimately depress their mid-season sales. But floor traders retort that futures have merely responded to market signals.

Some analysts argue that physicals have been undervalued. While last week's PMB average weekly price of £86.40 per tonne compared with £15.70 a year earlier the corresponding value in 1984, when the crop was larger, was £117.17 a tonne, they point out.

S. African gas reserves estimate boosted

BY JIM JONES IN JOHANNESBURG

GAS RESERVES South Africa's South Cape coast appear to be considerably larger than originally estimated according to Soekor, the state-owned oil and gas exploration company. Dr Ken Graham, Soekor's Cape general manager, said in Cape Town yesterday that new estimates by a London-based oil consultancy indicated that the 30-year life of off-shore reserves estimated last year would be significantly extended. He declined, however, to quantify the estimated reserves.

Construction of the country's first off-shore gas production facilities is due to start in 1988 and to be completed in 1991. Gas will be piped ashore for processing at a plant to be built at the Cape coastal resort of Mossel Bay.

Dr Graham said that the chance of finding further off-shore gas fields was high and added that the Kudu gas field, which lies just inside Namibian territorial waters, might also be exploited. Last year Mr Alan Hill, a Johannesburg oil analyst, estimated that the Mossel Bay finds contained about a trillion cubic feet of gas and about 40m barrels of light condensate. Mr Hill estimated the Kudu field to be five to ten times as large as those off Mossel Bay. However its exploitation is likely to be delayed until there is greater certainty over Namibia's political future. Kudu lies about 120 kilometres off-shore and just over 2 kilometres north of the dividing line between South African and Namibian territorial waters. The Mossel Bay fields are about 80 kilometres off-shore.

Iceland fears US sanctions over whaling

THE US is planning to impose economic sanctions on Iceland if it continues scientific whaling, Icelandic Prime Minister Mr Steingrimur Hermannsson said yesterday, reports Reuter from Reykjavik.

"We have been formed that the US Secretary of Commerce has advised President Reagan to condemn Icelandic scientific whaling as illegal," he said. "We also understand that President Reagan is going to order economic sanctions against Iceland next Monday."

He did not say what form the US sanctions might take.

Iceland, together with all other members of the International Whaling Commission, has agreed in principle to stop whaling but approves a limited catch of 80 fin whales and 40 sei whales for "scientists purposes."

US wage cuts trigger copper price slide

BY DAVID OWEN IN CHICAGO

THE FULL impact of concessions in recent pay talks probably will not hit the average US copper worker until he opens this month's wage packet. But it has already knocked the bottom out of the copper market.

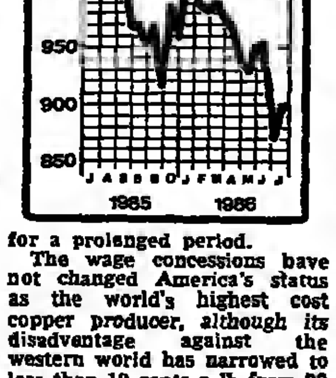
Having slumped to a 3½-year low of £925 a tonne on June 24, Grade A cash prices on the LME have continued to fall, plumbing depths as low as £881 on July 16. Meanwhile, in New York, Comex prices for the July and September delivery months have not only broken the 60 cents a pound barrier but have slipped another notch to below 59 cents.

The (for the copper industry) rapid and trouble-free ratification of new three and four year labour contracts, calling for wage and benefits concessions of 20 to 25 per cent by workers at Asarco, Kennecott, Ispiration Resources and two Newmont Mining subsidiaries has come at an unfortunate time at least from the point of view of the market.

World consumption has been weak all year, declining 2 per cent in the first half from year ago levels, according to Mr Fred Demler of investment house Drexel Burnham Lambert. With the traditionally slack third quarter now upon us and prudent consumers still feeding from stocks purchased as a strike hedge, those with metal to sell are finding few buyers. Consequently stocks have begun to rise, after more than two years of continuous decline.

With first half refined copper production moving up from year ago levels, albeit by a paltry half a per cent, the market badly needed a strike to take up some of the increasingly evident slack.

The question now arises whether, having succeeded in reducing overall cost by a further 5.5 cents a lb, thanks to labour concessions, hard-pressed US producers will have to live with lower copper prices for a prolonged period.



The wage concessions have not changed America's status as the world's highest cost copper producer, although its disadvantage against the western world has narrowed to less than 10 cents a lb from 20 cents five years ago. Even the low cost US producers (Phelps Dodge and Newmont, according to most analysts) are reckoned to need a price of 60 to 62 cents a lb to break even.

Over the past two to three years, the contention has been that copper prices have been prevented from rising by a large chunk of idle capacity ready to come back on stream at 70 cents a pound or better. The outcome of the labour talks has now placed a further barrier in the way of significant price rises.

Bonus schemes, agreed to by the companies in return for concessions, will ensure that much of the benefit, should prices rise to 65 cents a pound or more, will go into workers' pockets. The higher the price rises, the greater the pay out.

If this means that higher prices do not bring correspondingly improved profit margins (or reduced losses), there is a risk that US producers may cease to be market driven and that historically low price levels may be effectively institutionalised.

While stability seems likely to remain the hallmark of the market in the medium term, it would come as no surprise therefore if it was at slightly lower levels than the 60 to 65 cents a pound range prevalent over the past two and a half years.

By contrast, aluminium prices have bolstered over the past week by indications that US labour disruptions in the sector are again escalating.

Union branches at Alcoa's important Warrick and Massena installations and at Reynolds Louisville plants failed to ratify new labour contracts and are on strike, together with workers at Alcan's Sebree smelter and Ormet's Hannibal plant.

While non-union staff are operating the plants in question, production levels have inevitably been affected. An Ormet spokesman estimated that output was currently running at 45 per cent of the smelter's 266,000 short-tons per year capacity, while Alcan says that the 180,000 short-tons a year Sebree plant is producing at only 50 per cent of pre-strike levels with one pot line working.

July 31 and August 1 deadlines now loom in a further clutch of labour contract negotiations. Plants involved include Alumax's 175,000 short tons a year Eastalco smelter, Commonwealth's Lewisport rolling mill and 185,000 short tons a year Goldendale smelter and Alcan's Louisville rolling mill and foil plants. Strikes at these locations, according to Mr Peter Merner, a New York-based analyst, are "anything from likely to extremely likely."

While strike decisions at these plants would hardly be expected to push aluminium prices through the roof, they would add to consumer worries about developing supply tightness—particularly in the semi-fabricated product sector. "I've noticed no impact on semis prices yet," observed Mr Merner. "But I'm looking for it."

LONDON MARKETS

COFFEE prices slipped back further on the London futures market yesterday in response to news of further heavy rain in Brazilian growing areas. The September price ended £17.50 down on the day at £1,869 a tonne and has fallen back some £80 from the level it was boosted to last week by deepening concern about lack of moisture in the coffee belt over the preceding two months. Rains at the week-end and again on Wednesday night have eased this concern although seasonal forest worries remain to underpin the market. On the cocoa futures market nearby values recovered Wednesday's modest setback as a firmer than expected New York opening prompted short covering and trade buying. The September position gained £9.50 at £1,432.50 a tonne, the highest second position close since the beginning of April. On the London Metal Exchange aluminium prices slipped back following their steady gains earlier this week, but still finished off the day's lows.

The cash price closed £6 lower at £756.50 a tonne.

LME prices supplied by Amalgamated Metal Trading.

INDICES

REUTERS

July 24	July 23	M'th ago	Year ago
1444.7	1447.2	1461.8	1073.8

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	July 23	July 22	Month ago	Year ago
Spot	126.44	128.35	—	116.09
Fut.	118.69	116.28	—	110.00

(Base: December 31 1931 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	July 24 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1225/245	......	$1245/255
Copper			
Cash Grade A	£899	+0.75	£878.5
3 mths	£918.25	+1.0	£921
Gold Troy oz	$348.75	+1.0	$346
Lead Cash	£260.50	—0.5	£270.5
3 mths	£256.25	+1.5	£272.5
Nickel			
Free Mkt	179/190c	......	184/204c
Palladium oz	$111.60	—0.55	$111.35
Platinum oz	$442.00	+7.5	$455.25
Quicksilver †	$186/196	......	$210/220
Silver troy oz	336.80p	+1.80	335.20p
3 months	342.70p	+1.70	342.95p
Tin			
free mkt	[illegible]	—5.0	[illegible]
Tungsten	$54.42	......	$56.76
Wolfram 22.04lb	$42/50	......	$42/50
Zinc	£546.5	—2.0	£517.5
3 months	£544.5	—0.75	£524.25
producers	$840	......	$840
OILS			
Coconut (Phil)	$232.5y	+2.5	$262.5
Palm Malayan	$212.5z	......	‡
SEEDS			
Copra Phil	$145y	......	$160
Soyabean (U.S.)	$165y	......	$163
GRAINS			
Barley Fut. Nov.	£104.05	—0.50	£98.35
Maize	£135	......	£134.0
Wheat Fut Nov.	£104.00	—0.55	£99.55
No. 2 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. Sept	£1432.5	+9.5	£1285
Coffee Ft. Sept	£1869.0	—17.5	£1712.5
Cotton A Ind.*	3655c	—0.85	39.40c
Gas Oil Sept.	$100.75	+2.25	$116.25
Rubber (kilo)	60.00p	......	58.5p
Sugar (raw)	$137.0w	—4.0	$143
Wooltops 64s	408p kilo	—3	411p kilo

‡ Unquoted. † Per 76 lb flask. c Cents per pound. y July-Aug. z Aug. w Aug-Sept. x Oct. * Cotton Outlook.

ALUMINIUM

Official closing (am): Cash 752-2.5 (761-1.5); three months 761-1.5 (763.5-4); settlement 752.5 (761.5). Final Kerb Close: 764-5. Turnover: 13,325 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	756-7	—6	—
3 months	766-6	—3	766/761

COPPER

Official closing (am): Cash 895-5.5 (896.5-7): three months 914-5 (916.5-4); settlement 895.5 (897). Final Kerb Close: 914-5.

Grade A	Unofficial close	+ or —	High/low
Cash	898.5-9.5	+0.75	
3 months	918-8.5	+1	917/914.0
Standard			
Cash	870-5		
3 months	893-5	—1.0	964/962

LEAD

Official closing (am): Cash 260-0.5 (260-0.5); three months 255.5-7 (255-5.5); settlement 260.5 (260.5). Final Kerb Close: 265.5-6. Turnover: 6,175 tonnes. US Spot: 21/24 cents per pound.

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	260-1	—0.5	260.5/260
3 months	256-.56	+1.5	258/256

NICKEL

Official closing (am): Cash 2637-40 (2635-40); three months 2660-1 (2675-8); settlement 2640 (2640). Final Kerb Close: 2660-60. Turnover: 504 tonnes.

	Unofficial close (p.m.)	+ or —	High/low
Cash	2645-55	+7.5	2647/2637
3 months	2663-5	+15	2665/2660

TIN

KUALA LUMPUR TIN MARKET: Close 14.25 (14.24) ringgit per kg. Up 0.01 ringgit per kg.

ZINC

Official closing (am): Cash 546-7 (544.5-5); three months 544.5-5 (541.5-2); settlement 547 (545). Final Kerb Close: 545.5-6. Turnover 8175 tonnes. US Prime Western: 41.5/44.75 cents per pound.

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	546-7	—2	547/546
3 months	544-5	—0.75	545.5/542

GOLD

Gold gained $1 to $349-349½ on the London bullion market yesterday. It opened at $347¾-348¼, the lowest level of the day, and was fixed at $348.50 in the morning and $348.65 in the afternoon. The metal touched a peak of $349¼-349¾.

GOLD BULLION (fine ounce) July 24

Close	$349-349½	(£233¼-234¼)
Opening	$347¾-348¼	(£233¼-234¼)
M'n'g fix	$348.50	(£233.148)
Aft'n'n fix	$348.65	(£233.228)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$357-358	(£239¼-239¾)
½ Krug	$184¼-185¼	(£123-123½)
¼ Krug	$94¼-95¼	(£63-63½)
1/10 Krug	$38½-39½	(£25¾-26¼)
Mapleleaf	$357½-360¼	(£240¼-241¾)
Angel	$355-359	(£237¼-240¼)
1/10 Angel	$34½-35½	(£23-23½)
New Sov.	$83-84	
Old Sov.	$87-88¼	(£58¼-59)
$20 Eagle	$410-450	(£274¼-301¼)
Noble Plat	$462½-467½	(£309½-312¼)

SILVER

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	335.00p	+1.35	336.50p	+1.35
3 months	342.40p	+1.35	344.50p	+1.35
6 months	350.00p	+1.35		
12 months	366.00p	+1.35		

LME—Turnover: 4 (2) lots of 10,000 oz.

Three-month high 344, low 341, final kerb 344.5p.

MEAT

The market closed unchanged in very quiet conditions, reports Eastern Capital—CCPT.

Cattle sales: Nil (nil) lots of 5,000 kg.

Pig sales: 5 (nil) lots of 3,250 kg.

Month	LIVE CATTLE Yday's close	+ or —	LIVE PIGS Yday's close	+ or —
Aug	97.60	—0.6	97.60	—1.50
Sept	96.50	+0.50	—	—
Oct	99.50	—	105.50	—0.50
Nov	100.50	+0.50	104.50	+0.50
Jan	99.00	+0.50	—	—
Feb	99.00	—	100.00	+0.50

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 97.65p per kg lw (+0.04); GB—Sheep 165.0p per kg est dcw (—10.23); GB—Pigs 75.07p per kg lw (—0.22).

POTATOES

Weather considerations remained a predominant influence. The prospect of an unsettled few days, with heavy rain forecast for early next week continued to press values lower. April opening £2.00 weaker and falling a further £5.00 during early trade. Still nervous and uncertain after initial drop remainder of session was in limited range, reports Coley and Harper.

Month	Yesterdays close	Previous close	Business done
	£ per tonne		
Nov	116.50	115.00	122.00-115.00
Feb	136.00	138.90	—
Apr	196.50	199.00	205.00-192.00
May	205.50	205.00	—
Nov	67.50	83.50	—

Sales: 1,612 (2,201) lots of 40 tonnes.

Earlies—July 88.00 +0.50; Aug 92.50 —5.50; Sept 100.00 unchanged. Sales: 0 lots of 10 tonnes.

OIL

Trade was thin in the 15-day Brent market. September continues to be the most liquid month with deals done in the range $9.55 to $9.77. Nymex WTI opened 10c up for September and finished a further 14c up by 1.30 pm EDT in moderate trade. In the petroleum products market naphtha prices went up and down and finished where they were yesterday. Buying interest for gasoil concentrated on forward periods. Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—August		
Arab Light	—	—
Arab Heavy	—	—
Dubai *	7.85-8.00	+0.125
Brent Blend	8.90-9.00	+0.30
W.T.I. (1pm est)	11.00-11.05	+0.075
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	124-130	+1.5
Gas Oil	95-98	+3.0
Heavy fuel oil	45-48	—
Naphtha	87-89	—

* September

Petroleum Argus estimates.

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	US $ per tonne		
Aug	99.00	+6.00	101.25-97.00
Sep	100.75	+2.25	101.75-96.00
Oct	103.50	+2.00	104.00-99.00
Nov	105.50	+3.50	106.00-102.00
Dec	108.00	+5.50	108.25-99.00

Turnover: 2,868 (2,272) lots of 100 tonnes.

US MARKETS

THE RECENT volatility of the New York sugar market was again in evidence on Thursday. In another choppy trading session, the previous day's losses were compounded on the opening with October prices slipping below 6c, leading traders to fear that the market was heading back to its medium-term support at 5.5c. However, good trade support developed on the initial weakness, which in turn drew in speculative buying, to push prices on the close near its highs of 6.36c per pound. Analysts construed the close, above crucial down-trend lines, as positive, especially in view of the struggle the market had put up throughout the week, and hopes were raised that the technical downtrend was conclusively broken. Platinum futures recorded gains of nearly $6, as technical considerations and continued speculation over the supply outlook from South Africa ensured support at $440 per ounce in the October position. However, the technically important resistance at $450 could not be penetrated, reports Heinold.

NEW YORK

SUGAR

PARIS—(FFr per tonne): Oct 1295/1300; Dec 1305/1317; Mar 1335/1340; May 1368/1383; Aug 1400/1415; Oct 1445/1465. Sales: 6.

LONDON DAILY PRICE—Raw sugar $137.00 (£91.50), down $4.00 (down £3.00) a tonne for August-September delivery. White sugar $122.00, down $4.00.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne F.O.B.		
Aug	134.0-135.0	120.0-131.8	135.6-128.8
Oct	140.2-140.2	135.8-156.0	142.0-134.8
Dec	146.0-148.0	141.8	—
Mar	156.0-157.0	152.2-152.6	156.0-150.4
May	160.2-161.8	156.2-157.5	160.0-155.2
Aug	164.2-165.8	160.0-160.8	—
Oct	168.2-159.8	164.6-164.8	—

Sales: 2,521 (2,250) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £134.0 (£138.0) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for July 23: daily price 5.53 (5.74); 15-day average 5.29 (5.30).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
July	564/67	567	564/566
Oct.	645/61	640	641/643
Jan.	683/83	684	675/676
April	735/60	740	728/138
July	681/95	685	685/680
Oct.	750/95	775	755/780
Jan.	770/835	—	770/800
Apr.	900	—	900
BFI.	567.5	—	570.5

Turnover: 58 (52).

	Close	High/Low	Prev.
Tankers			
July	1010/40	1025	980/30
Aug	675/1000	980	1005/25
Sep	1000/1075	—	675/1025
Dec	—	—	—
Mar	—	—	—
June	—	—	—
BTI	1029.5	—	1002.5

Turnover: 10 (27).

CATHODES

COCOA

Futures traded in a narrow range for much of a rather dull day but rallied toward the end of the afternoon session and closed at the highs. Physical interest was restricted to second hand trading with both producers and consumers withdrawn, reports Gill and Duffus.

COFFEE

SOYABEAN MEAL

GRAINS

RUBBER

CHICAGO

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady: pound recovers

The dollar was little changed on the foreign exchanges yesterday. The US economic data released on Wednesday was stronger than expected, and this helped underpin the US currency, but dealers found the testimony before the Senate banking committee, of Mr Paul Volcker, chairman of the Federal Reserve Board—also on Wednesday—rather confusing. Mr Volcker was not calling for a lower dollar, but did not appear to discourage it. At the same time he indicated another cut in the US discount rate was not imminent, but said the rate may be cut again in isolation. As the market tried to digest Mr Volcker's speech, there was little reaction to the remarks of Mr Malcolm Baldridge, US Commerce Secretary, disagreeing with Mr Volcker, when the Fed chairman said the US should not place too much weight on depressing the dollar.

Mr Baldridge was confident the weaker dollar signalled a coming improvement in the US trade balance. The market is not expecting any immediate recovery in the trade picture, however, and is looking for only a slight improvement in the June deficit, from the May trade shortfall of $14.21bn, when the figure is released next Wednesday.

The dollar rose to DM 2.1365 from DM 2.3150, and to FFr 6.9050 from FFr 6.89, but fell to SFr 1.7240 from SFr 1.7280, and to Y156.60 from Y157.30.

On Bank of England figures the dollar's index rose to 114.4 from 113.0.

STERLING — Trade range against the dollar in 1986 is 1.5555 to 1.3770. June average 1.5080. Exchange rate index fell 0.1 to 72.8, compared with 74.3 six months ago.

Sterling recovered from early weakness, as oil prices rose on the European market. The pound gained 20 points to $1.4935-1.4945, and rose to DM 3.1925 from DM 2.3150, and to FFr 10.3150 from FFr 10.28, but was unchanged at SFr 2.5750, and eased to Y234 from Y234.75.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1195. June average 2.2320. Exchange rate index 137.0 against 132.3 six months ago.

The D-Mark traded nervously in Frankfurt yesterday as dealers tried to decide on the general implications of Wednesday's speech by Mr Volcker. US economic data released the same day were generally bullish, but overall dealers continued to take a bearish view of the prospects for the dollar. Som saw technical resistance at around DM 2.1250 and others at DM 2.1200, suggesting that if these levels were quickly broken the US currency would continue to slide. At the Frankfurt fixing the dollar rose to DM 2.1301 from DM 2.1263, without intervention by the Bundesbank.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 155.00. June average 167.50. Exchange rate index 217.2 against 189.3 six months ago.

The yen remained steady against the dollar in Tokyo, with the US currency closing at Y156.55, compared with Y155.875 on Wednesday. Mr Volcker's speech before the US Congress did nothing to alter the view that the dollar will continue to weaken against the yen, in spite of the reluctance of the Bank of Japan to allow the US currency to fall below Y155. The central bank intervened yesterday, when the dollar fell below Y157, but the scale of support was small, and was probably less than $100m. The US currency was also supported by a report that Mr Kiichi Miyazawa, Japanese Finance Minister, indicated the value of the dollar should be Y160 to Y170.

£ IN NEW YORK

July 24	Latest	Prev. close
£ Spot	$1.4930-1.4940	$1.4800-1.4810
1 month	0.46-0.43pm	0.44-0.43pm
3 months	1.27-1.25pm	1.27-1.24pm
12 months	4.55-4.45pm	4.55-4.45pm

Forward premiums and discounts apply to the US dollar

POUND SPOT—FORWARD AGAINST POUND

July 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4830-1.4965	1.4935-1.4945	0.44-0.41c pm	3.41	1.23-1.18pm	3.23
Canada	2.0709-2.0807	2.0730-2.0740	0.30-0.21c pm	1.48	0.74-0.58pm	1.27
Nethlnd.	3.57¾-3.60¼	3.58¾-3.60¾	1¼-1⅛c pm	4.17	3⅞-3⅝pm	4.77
Belgium	65.44-65.86	65.60-65.70	18-13c pm	2.83	49-40c pm	2.71
Denmark	11.91½-11.98¼	11.96¾-11.98¾	1½-⅝om pm	1.13	2⅛-1¾pm	0.58
Ireland	1.0655-1.0725	1.0715-1.0725	0.10p dis-par	−0.56	0.05-0.20dis	−0.47
W. Ger.	3.17¼-3.19¼	3.18½-3.19½	1⅝-1½pf pm	5.94	4⅛-4pm	5.77
Portugal	219.70-221.49	216.77-221.41	66-165c dis	−5.27	185-465 dis	−5.91
Spain	203.27-204.94	203.75-204.04	25-65c dis	−2.94	110-150dis	−2.95
Italy	2,181½-2,190¼	2,187½-2,188½	1-5lire dis	−1.65	7-11dis	−1.65
Norway	11.12¾-11.17¾	11.16¾-11.17¾	3⅞-4½ore dis	−4.50	12⅞-13½dis	−4.72
France	10.25¾-10.32	10.31-10.32	2½-2c pm	2.62	6⅝-6pm	2.47
Sweden	10.49½-10.54½	10.53½-10.54½	½-⅛ore pm	0.57	1-½pm	0.24
Japan	233¼-234½	233½-234½	1½-⅞y pm	5.13	3½-2⅞pm	5.13
Austria	22.33-22.42	22.39-22.42	9¾-8½gro pm	4.85	26⅞-22⅞pm	4.52
Switz.	2.56¼-2.58	2.57-2.58	1½-⅞c pm	4.86	3⅛-3pm	4.85

Belgian rate is for convertible francs. Financial franc 66.35-66.45. Six-month forward dollar 2.40-2.35c pm. 12-month 4.55-4.40c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

July 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4830-1.4965	1.4935-1.4945	0.44-0.41c pm	3.41	1.23-1.18pm	3.23
Ireland†	1.3910-1.4005	1.3930-1.3940	0.43-0.33c pm	3.26	1.35-1.25pm	3.71
Canada	1.3870-1.3917	1.3880-1.3890	0.21-0.24c dis	−1.94	0.66-0.71dis	−1.97
Nethlnd.	2.3945-2.4085	2.4070-2.4080	0.16-0.14c pm	0.75	0.58-0.55pm	0.95
Belgium	43.80-44.10	43.90-44.00	1-3c dis	−0.55	4-8dis	−0.55
Denmark	7.97½-8.03½	8.02½-8.03	0.80-1.40ore dis	−1.65	5.25-3.85dis	−1.78
W. Ger.	2.1250-2.1380	2.1360-2.1370	0.36-0.35pf pm	2.06	1.05-1.00pm	1.92
Portugal	147½-148½	148-148½	90-150c dis	−9.74	250-430dis	−9.25

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 44.40-44.50.

CURRENCY MOVEMENTS

July 24	Bank of England Index	Morgan Guaranty Change %
Sterling	70.8	−16.6
U.S. dollar	110.7	+3.6
Canadian dollar	77.8	−19.7
Austrian schilling	128.4	+7.6
Belgian franc	96.5	−7.1
Danish Kroner	86.6	−0.7
Deutsche mark	137.0	+10.0
Swiss franc	165.4	+21.1
Guilder	127.2	+10.6
French franc	69.3	−10.7
Lira	46.9	−18.4
Yen	217.2	+60.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

July 24	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
B.Fr.(Fin)	7-7¼	7⅛-7¼	7⅛-7⅜	7⅛-7⅜	7¼-7⅜	7⅛-7⅜
B.Fr.(Con)	6¾-7¼	7-7¼	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜
Yen	4⅛-4⅞	0⅞-5⅛	4⅛-4⅞	4⅜-4⅞	4⅜-4⅞	4⅜-4¼
D. Krone	9-9⅛	8½-9	8¼-9	9-9⅛	9¼-8¾	9⅛-10
Asian $ (Sng)	6⅞-6⅞	6⅞-6⅞	6⅛-6⅜	6⅛-6⅜	6⅛-6⅜	6⅞-6⅞

Long-term Eurodollars: two years 6⅞-7⅛ per cent; three years 7⅛-7⅜ per cent; four years 7⅜-7⅞ per cent; five years 7⅞-8⅛ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Prices mixed

Prices were mixed on the London International Financial Futures Exchange yesterday. Long term gilts were firm and active, trading over 9,000 contracts. Dealers suggested the strength of the market continued to reflect a squeeze on short positions by stockjobbers, and said there appeared to be no confirmation of the persistent rumour about Japanese buying.

US Treasury bond futures lost ground, without any factors to move the market. Dealers commented that sentiment remained bullish, but sellers were eager to trigger stop loss positions. Eurodollar futures were steady, but three-month sterling deposits were firm, underpinned by gilts and the steadier performance of the pound.

In Sydney the volume on the futures exchange was a record 32,527 contracts, compared with the previous peak of 28,423 on July 3. A record 15,573 contracts were traded in 10-year bond futures, and 90-day bank bill futures were also very active at 10,925 lots. The surge in activity followed disappointment that Australian inflation only fell to an annualised 8.4 per cent in the second quarter from 9.2 per cent in the first, and remains well above the country's main trading partners. The Australian dollar touched a record low on a trade-weighted basis and against the US dollar.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
115	4.63	6.05	—	—	0.10	1.32	—	—
116	3.22	4.51	—	—	0.38	2.13	—	—
120	2.01	3.43	—	—	1.17	3.06	—	—
122	1.05	2.47	—	—	2.21	4.09	—	—
124	0.32	1.63	—	—	3.48	5.25	—	—
126	0.13	1.26	—	—	5.29	6.52	—	—
128	0.05	0.61	—	—	7.21	8.23	—	—
130	0.01	0.41	—	—	9.17	10.03	—	—

Estimated volume total, Calls 517, Puts 370
Previous day's open int, Calls 11,763, Puts 4,335

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
88	9.27	5.22	—	—	0.01	0.40	—	—
90	7.30	7.45	—	—	0.04	0.64	—	—
92	5.39	6.15	—	—	0.13	1.33	—	—
94	3.60	4.50	—	—	0.34	2.14	—	—
96	2.34	3.52	—	—	1.08	3.06	—	—
98	1.31	2.58	—	—	2.05	4.10	—	—
100	0.50	2.07	—	—	3.24	5.25	—	—
102	0.23	1.33	—	—	4.61	6.61	—	—

Estimated volume total, Calls 101, Puts 70
Previous day's open int, Calls 1,549, Puts 868

LIFFE £/$ OPTIONS

LONDON SE £/$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LIFFE—EURODOLLAR OPTIONS

CHICAGO

CURRENCY FUTURES

LONDON

STERLING INDEX

	July 24	Previous
8.30 am	72.8	72.6
9.00 am	72.8	72.5
10.00 am	72.8	72.5
11.00 am	72.8	72.6
Noon	72.8	72.6
1.00 pm	72.8	72.6
2.00 pm	72.8	72.7
3.00 pm	72.9	72.8
4.00 pm	72.8	72.9

EMS EUROPEAN CURRENCY UNIT RATES

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

MONEY MARKETS

London rates slightly easier

Interest rates were slightly easier on the London money market yesterday, with three month interbank easing to 9⅞-10 per cent from 9 15/16-10 1/16 per cent. The Bank of England's intervention in the market was regarded as neutral, with the terms of the afternoon repurchase agreement tending to support the present rates structure.

The Bank of England initially forecast a money market shortage of £800m, but revised this to £850m at noon, and to £900m in the afternoon. Total help of £898m was provided.

An early round of help was offered, but at that time the authorities bought only £17m bills outright, by way of £1m bank bills in band 1 at 9⅞ per cent; £5m bank bills in band 2 at 9 13/16 per cent; and £11m bank bills in band 3 at 9¾ per cent.

Another £145m bills were purchased before lunch, through £1m local authority bills in band 1 at 9⅞ per cent; £52m bank bills in band 1 at 9⅞ per cent; £73m bank bills in band 2 at 9 13/16 per cent; and £19m bank bills in band 3 at 9¾ per cent.

In the afternoon assistance of £726m was provided, including purchases of £586m bills outright, by way of £85m Treasury bills in band 1 at 9⅞ per cent; £27m bank bills in band 1 at 9⅞ per cent; £325m bank bills in band 2 at 9 13/16 per cent; £90m bank bills in band 3 at 9¾ per cent and £38m bank bills in band 4 at 9 11/16 per cent.

A further £160m bills were purchased for resale to the market in equal amounts on August 13 and 14, at rates of 9 15/16 to 9 13/16 per cent. Late assistance of £10m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £215m, Exchequer transactions absorbing £500m; a rise in the note circulation £45m; and bank balances below target £40m.

In Frankfurt call money was unchanged at 4.55 per cent, in spite of some nervousness after the Bundesbank set a July minimum reserve requirement for the commercial banks of DM 42.9bn, against expectations of DM 41bn to DM 42bn. On the other hand the central bank does not appear to have drained temporary liquidity, added through Federal Government funds, late last week, giving an impression the authorities do not wish to see call money above 4.60 per cent.

UK clearing bank base lending rate 10 per cent since May 22

NEW YORK RATES

(Lunchtime)

Prime rate	8
Broker loan rate	7½
Fed funds	6¾
Fed funds at intervention	6⅝
Treasury Bills & Bonds	
One-month	5.42
Two-month	5.70
Three-month	5.87
Six-month	6.14
One-year	0.38
Two-year	6.67
Three-year	6.87
Four-year	7.02
Five-year	7.09
Seven-year	7.23
10-year	7.32
30-year	7.39

MONEY RATES

July 24	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tin
Frankfurt	4.60-4.60	4.55-4.65	4.56-4.65	4.65-4.65	4.65-4.70	0.5
Paris	7¼	7⅛-7¼	7⅛-7¼	7⅛-7¼	7⅛-7¼	7
Zurich	7⅛-1⅛	4 11/16-5⅛	—	4½-5⅛	—	—
Amsterdam	5¾-6⅛	5⅛-5⅜	—	5⅛-6⅛	—	—
Tokyo	4.09375	—	—	4.71875	—	—
Milan	11¼-10⅛	11⅜-11¾	—	11¾-15⅛	—	—
Brussels	6.10	7⅛-7⅞	—	7¼-7⅜	—	—
Dublin	9-9¼	9⅞-9⅜	9¾-9⅜	9⅞-10⅛	10-10¼	—

FT LONDON INTERBANK FIXING

(11.00 a.m. July 24)

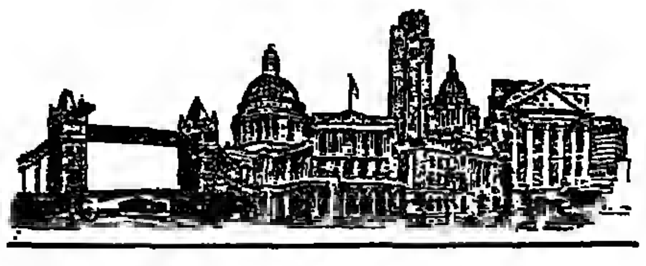
Three months US dollars		Six months US dollars	
bid 6 ⅛	Offer 6 ¼	bid 6 ¼	Offer 6 ⅜

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 24	Over night	7 days notice
Interbank	6-11	9⅞-10⅛
Sterling CDs	—	—
Local Authority Depos	9⅞-10	9⅞-10
Local Author'y Bonds	—	—
Discount Mkt Depos.	6-10	9¾-9⅞
Company Depos.	7⅛-10	9⅞-10
Finance House Depos	—	—
Treasury Bills (Buy)	—	—
Bank Bills (Buy)	—	—
Fine Trade Bills (Buy)	—	—
Dollar CDs	—	—
SDR Linked Depos	—	—
ECU Depos	—	—

Treasury Bills (sell): one-month 9 11/32 per cent; three months 9⅝ per cent. Bank Bills (sell): one month 9 25/32 per cent; three months 9⅝ per cent. Treasury Bills: Average tender rate at discount 9.5826 per cent. ECGD Fixed Finance Scheme IV reference date June 4 to July 1 (inclusive): 9.824 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from July 1 1986. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 10 per cent; three-six months 10 per cent; six-nine months 10 per cent; nine-12 months 10 per cent. Under £100,000 10 per cent from July 15. Deposits held under Series 5 10 per cent. Deposits withdrawn for cash 9⅝ per cent.



WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

Bank of America, Economics Dept., London
Eurodollar Libor as of July 23 at 11.00 a.m.
3 months: 6⅝ 6 months: 6⅝

ECU=$US.998083 SDR1=$US1.19546
Libor as of July 23 at 11.00 a.m.
3 months: 6½ 6 months: 6⅝

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

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AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

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DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا من الأصل

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
317	210	Morgan Crucible	260	.....	8.5	1.7	4.6	16.3
23½	15½	Morris (W) F.A. 20p	16½	.....	—	—	—	—
139	96	Moss (Robt.) 10p	130	.....	13.3	2.7	3.6	14.0
141	65	Myson Grp 10p	127	.....	2.63	2.6	2.9	16.4
365	259	NMW Computers	305	–5	6.0	3.0	2.8	17.5
48	27	Nash Inds.	39	.....	0.5	—	1.8	—
27½	15½	Neil & Spencer 10p	22	.....	—	—	—	—
39	28	Newman Inds 10p	36	–2	0.8	1.2	3.2	(34.6)
132	65	Noble & Lund 10p	132	+9	0.7	4.3	0.7	43.5
65	44	Nolton	46	.....	0.95	7.0	2.9	6.6
150	96	Norbain Systems 5p	134	.....	u3.0	ϕ	3.2	ϕ
286	187	Norcros	244	–2	9.3	2.2	5.4	11.7
173	49	Nu-Swift 5p	157	–1	3.5	2.1	1.1	21.1
£303	£228	OCE 9pc Cnv 1987-92	£292	.....	Q9%	—	3.1	—
118	80	Oakwood Grp.	102	.....	5.0	1.3	‡	14.2
250	203	Office & Elect	223	.....	8.5	2.9	5.4	9.1
189	70	Oldacre 20p	180	.....	5.0	ϕ	4.0	ϕ
36	29	Optometrics $0.01	30	.....	—	—	—	—
810	500	Oriflame £1	790	–15	24.5	2.2	4.4	15.3
50	6	Owenstone 12½c	6	.....	Q3.23c	1.9	14.1	3.7
		For Ozalid 9pc Cnv see OCE 9pc Cnv						
142	85	PCT Grp 10p	110	.....	3.2	1.2	6.0	(27.1)
£20½	950	PLM 'B' Sk 25	£17½	.....	Q23.2%	0.3	3.8	—
184	114	PSM Intl.	166	.....	5.5	2.1	4.7	12.6
255	167	Paper Systems $0.01	200	.....	[illegible]	3.4	1.3	22.3
78	56	Pacific Sales 10p	62	.....	3.0	1.5	6.8	8.1
342	225	Park Place 10p	330	.....	16.25	1.9	2.7	27.7
445	246	Parker Knoll 'A'	405	–7	19.5	2.9	3.5	14.7
556	208	Parkfield Group 5p	540	+5	12.4	2.4	0.6	90.3
53	30	Pavion Intl	33	–1	—	—	—	8.8
£130	£92	Do 11pc CvLn '94-02	£104	.....	Q11%	—	11.0	—
608	393	Pearson	510	–2	10.0	2.8	2.0	17.0

LEISURE—Continued

1986 High	Low	Stock
113	50	Leisuretime Int 10p
117	180	Lowmar
220	145	Media Tech Int 20p
170	135	Metmunster 10p
220	150	Miss World 10p
40	62	Nationwide Leisure
17	10½	Nimslo Int 20c
35½	23	Owners Abroad 3p
90	46	Pholax (Lon.)
34	28½	P'dilly Radio NV 5p
73	25½	Pineapple 10p
391	200	Pleasurama 5p
178	136	Do. 7pcCvCmRedPf
		For Pres Entertainment see Hotels
49	18	Radio City 'A' NV
48	33	Radio Clyde N/V
393	322	Really Useful Grp 5p
64	44	Riley Leisure 10p
230	150	Saga Hols. 20p
355	235	Samuelson Grp 20p
123	73	Sangers Photo 10p
170	138	Scarro 50p
340	175	Scott. TV 10p
294	114	SeaCo Inc $0.125
26	1	SelecTV 10p
37	20	Spectrum 5p
46	31	TSW 5p
285	150	TVS N/Vtg 10p
180	118	Television Svcs 50p
72	50	Tottenham Hotspur
96	66	Trilion 10p
260	140	Tyne Tees TV 'A' £1

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

"Recent Issues" and "Rights" Page 39 (International Edition Page 27)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
July 14	July 24	July 25	Aug 4
July 28	Aug 8	Aug 8	Aug 18
Aug 11	Aug 28	Aug 29	Sept 8

* " New-time " dealings may take place from 9.30 am two business days earlier.

Political worries and ICI figures trigger setback—index down 22.6

Political uncertainties resurfaced in London financial markets yesterday and equities suffered a sharp reversal after Wednesday's technical rally. Leading shares moved progressively lower throughout the session with sentiment further undermined around lunch time when market leader ICI revealed second quarter figures at the lower end of expectations accompanied by an uninspiring statement on the outlook.

Reflecting the turnround, the Financial Times Ordinary share index more than wiped out the previous day's 12.1 rally by 1 pm and finally settled with a loss of 22.6 at 1,264.2. The more broadly based FT-SE 100 share index sustained a reaction of 24.6 at 1,547.7.

Concern about the possible repercussions from the investigation by the House of Commons defence committee into the Westland affair, particularly in view of the poor showing by the Government in the recent Newcastle-under-Lyme by-election, was largely behind the setback.

Double figure losses were fairly commonplace among blue chip industrials and ICI closed with a loss of 18 at 982p. Plessey tumbled 14 to 204p amid fears that GEC will not receive approval to bid for the company. The deterioration continued into the late dealings and final prices were usually around the day's lowest. Selling was rarely heavy, but jobbers were quick to lower quotations in the thin and sensitive conditions prevailing.

Meanwhile, it was left to a handful of speculative issues and companies making trading statements to provide the day's main source of interest.

Government securities, in complete contrast, put on a good performance. The overnight slide in US bonds failed to disturb sentiment, with long-dated stocks responding to overseas demand and firmer indications from the futures market in the Gilt contract. Gains in this area finally stretched to ⅝ and occasionally more. The £25-paid long tap Treasury 8½ per cent 2007 improved ½ to 24⅛. Short-dated issues also made progress, settling with rises ranging to ⅛.

Lloyds easier

Clearers marked time awaiting the start today of the interim dividend season. Lloyds, the first Bank to report and expected to announce first-half profits of around £333m, softened a few pence at 402p. Midland, meanwhile, scheduled to reveal half-year results next Thursday, relinquished 5 at 542p. NatWest gave up 4 at 508p and Barclays softened a penny at 512p. Elsewhere, Goode Durrant and Murray, in which Impala Pacific recently acquired a near-21 per cent stake, touched 123p before closing a couple of pence easier on balance at 118p following the interim results. Among other merchant banks, Brown Shipley dipped 10 to 495p as did Hambros to 228p.

Insurances reflected the general dull trend. Stewart Wrightson lost 10 to 453p in the absence of the widely-rumoured bid from Citicorp of the US. Falls of 8 and 10 respectively were seen in Life companies, Britannic, at 870p, and Prudential, at 828p. Abbey Life touched a new low of 181p before closing a few pence off at 182p. Among Composites, GRE declined 5 at 895p and Sun Alliance softened a couple of pence at 698p, after 688p.

Among recent issues, TV-am, which made a good debut on the USM on Wednesday, eased a couple of pence to 139p reflecting profit-taking.

Leading Building issues were marked progressively lower in the absence of buyers. Blue Circle drifted off to close 9 lower at 593p, while RMC gave up 8 to 652p. Tarmac lost 8 at 452p, as did BPB Industries, at 507p, while Marley softened a couple of pence to 114p. Barratt Developments cheapened 4 to 138p and Costain shed 6 to 524p. Elsewhere, Raine Industries came under pressure and dropped to 72p before closing 5 down on balance at 74p. Wiggins attracted speculative support and gained 9 to 128p, but Bellcal Bar slipped 7 to [illegible]p.

ICI apart, the Chemical sector gave a resilient performance. Takeover favourite Coalite, marked down to 282p initially on reports of a factory fire, attracted fresh demand at the lower level and picked up to close unchanged on balance at 301p. Sutcliffe Speakman traded briskly and touched 61p prior to closing a penny off at 57p. Renewed demand lifted Thurgar Bardex 2½ to 53½p, but scrappy selling clipped 4 from James Halstead at 156p.

Major high street Retailers were marked lower throughout the session as dealers attempted to establish a trading level. Further consideration of the preliminary figures left Great Universal ½ lower at £11½, while the more widely-traded A shares closed 30 down at 995p. W. H. Smith A, 264p, and Dixons, 326p, gave up 10 and 6 respectively, but an isolated firm spot was provided by Storehouse which recovered from the earlier level of 305p to settle 3 up on balance at 313p following the annual meeting.

Diploma sold

News of analysts' profits downgrading of Diploma and the surrounding malaise prompted widespread depression in the Electrical sector. Diploma plummeted 20 to 195p, while sympathetic double-figured falls were seen in Electrocomponents, 15 off at 370p, Farnell, 10 lower at 150p, and MK, a similar amount easier at 360p. Automated Securities retreated 8 to 185p following the disappointing interim results. IBL cheapened 5 to 50p ahead of today's AGM, while International Signal and Control gave up 8 at 230p and United Scientific relinquished 8 at 150p. Macro 4, however, advanced 14 to 177p on speculative support. Among the leaders, British Telecom came on offer and closed 8 down at a new low of 182p, while BICC lost the same amount at 265p as did Cable and Wireless, at 637p. STC, meanwhile, moved up 4 to 164p; the interim results are due early next month.

Engineerings displayed an irregular appearance. Noble and Lund rose 9 to 182p on expansion hopes and Bullough reflected the pleasing half-year figures with a gain of 8 at 298p. Demand in a thin market lifted SM 25 to 220p and Concentric put on 8 at 104p. Tace, however, dropped 30 to 470p following the disappointing interim figures. Hall fell 12 at 182p and Senior relinquished 4 at 44p. Vickers hardened 2 to 420p on hopes of the imminent purchase of the Royal Ordnance tank factory in Leeds.

Dealers marked Foods sharply lower in an attempt to find a trading level. Cadbury Schweppes, the subject of US support on Wednesday, sustained a fall of 7 at 162p, while Rowntree Mackintosh lost 8 at 402p. Unigate were dull at 278p, down 9 and Associated British Foods fell 10 to 294p. Retailers gave ground across the board. Recent takeover favourite Bejam gave up 8 to 187p, while similar falls were marked against J. Sainsbury, 370p, and Tesco, 358p. Dee Corporation shed 4 to 228p, as did Argyll, to 313p. Among the isolated bright spots in the sector, Cheshire Wholefoods drew fresh strength from the chairman's confident annual statement and rose 13 to a peak of 248p, while Benson Crisps continued to reflect the profits recovery and firmed 5 to 44p.

Miscellaneous Industrial leaders suffered a fresh shake-out with sentiment not helped by ICI's interim statement. Glaxo dropped 23 to 950p and Beecham gave up 13 to 398p, while BTR dipped 8 to 295p. Elsewhere, Broken Hill Proprietary plummeted 22 to 328p following the company's decision to take legal proceedings against Bell Resources. Lower annual earnings left Jacksons Bourne End 10 off at 256p and persistent selling and lack of support left Gestetner 8 off at 124p and T. Marshall and Loxley 10 down at 118p. Stainless Metalcraft firmed 7 to 172p on speculative support and Davies and Newman added 11 at 236p for the same reason. Grosgreen, currently in receipt of an agreed 45p cash bid from BET, moved up 1½ to 47p on the announcement that Hawley had increased its stake in the company to well over 15 per cent.

Leisures provided two notable weak spots in Viewplan and Saga Holidays. The former slumped to 56p before steadying to close a net 20 lower at 58p following the acutely disappointing preliminary results, while the latter dropped 13 to 150p in the wake of the poor interim figures and gloomy accompanying statement. Elsewhere, rumoured imminent developments triggered demand for Brent Walker which edged up 4 to 167p, while speculative interest boosted Selec TV a penny to 26p, after 28p.

Motors provided a rare firm feature in Dowty which touched 234p before settling 13 higher on balance at 218p as preliminary profits above market expectations and cheerful notices emanating from the subsequent analysts meeting led brokers to upgrade their forecasts for the current year. USM-quoted BTS hardened a few pence to 79p after the full-year figures, while Armstrong Equipment rose 2 to 125p with the aid of a Press mention. Lucas, on the other hand, encountered selling after-hours to close a net 15 lower at 548p.

Among Publishers, Home Counties, currently in receipt of a bid approach, hardened 10 to 230p. Portsmouth and Sunderland gained the turn to 117p following the first-quarter figures. Paper/Printings lacked a decided trend. Ireland's Jefferson Smurfit responded to revived investment support and put on 5 more to 218p, but sellers held sway in DRG, finally 8 cheaper at 284p. Advertising agencies were also irregular. Wight Collins Rutherford Scott rose 13 to 463p, while the nil-paid units closed 40 up at 210p. Lopex were wanted and improved 5 to 118p. In contrast, occasional offerings depressed Saatchi and Saatchi, 10 lower at 695p, Good Relations, 7 cheaper at 108p, and Lowe Howard-Spink, 8 off at 390p.

Properties retreated in the face of some fairly persistent small selling. Among the leaders, MEPC were the major casualty at 333p, down 10. Land Securities gave up 8 to 319p. Elsewhere, Abaco lost 4 to 48p and Egerton shed 5 to 95p, but Marler Estates continued to attract buyers and touched a fresh peak of 560p prior to closing 5 dearer at 555p. United Real lost 10 to 540p pending news of the bid approach and Regalian came back 20 to 600p. In resumed dealings, New Cavendish Estates were quoted at 105p/115p following details of an agreement whereby Australian company Stirling Group Property Services and its subsidiary Group Property Services will subscribe through a new company for 7m new New Cavendish shares at 100p per share. The new company will then extend an offer to acquire all existing New Cavendish shares at that price.

Among generally dull Shippings, P and O Deferred closed 7 lower at 485p. British and Commonwealth gave up a like amount to 288p, while associate Caledonia Investments fell a few pence to 233p. Lyle Shipping, however, attracted sporadic speculative interest and rose 3½ to 7½p.

Textiles gave ground under the lead of Courtaulds, 8 cheaper at 269p. Dawson International fell 6 to 256p, as did recent speculative favourite Stroud Riley Drummond to 123p. A couple of firm features emerged, however, with Burmatex 8 up at 190p in front of next Tuesday's half-timer. Towles put on 5 to 90p, after 93p, following Press comment.

Oils lower

The steady performance of oil shares over the past few days, despite marked weakness in crude oil prices and UK equities, gave way in after-hours trading when persistent selling pressure lowered BP 10 to 573p and Shell 7 to 786p. Britoil, reporting interim results today, slipped 4 to 136p. Burmah and LASMO fell 8 apiece to 383p and 100p respectively.

Second-line oils showed New London Oil a weak spot and finally 2 easier at 17p, after a 1986 low of 15p, following the loss over the 15 month-period and the accompanying statement. Exploration Company of Louisiana dipped 5 to 39p on acquisition news but Press comment prompted support for Bristol Oil and Minerals, a penny harder at 11½p. Conroy Petroleum rallied 8 to 138p.

Plantations highlighted Grand Central, finally 3 dearer at 54p; the company has agreed the purchase of Upali (Malaysia) from Kuril Enterprises for M$32.1m.

South African sectors of mining markets did little more than drift easier in extremely subdued trading. Minor profit-taking, after the three-day rise in prices, and renewed nervous selling following the meeting between Sir Geoffrey Howe and President P. W. Botha left the majority of Gold shares with marginal falls and the Gold Mines index dipped 1.3 to 195.9. The Financial Rand showed little change at 20.75 cents while the bullion price edged higher to close a net $1 firmer at $348.75 an ounce.

Heavyweight Golds ended the session with minor changes in either direction, but the majority of the cheaper priced issues gave ground.

South African Financials generally moved lower in sympathy with Golds but "Amcoal" staged a rally and closed 50 higher at 525p and Gencor recovered 25 at 725p. On the other hand, "Amgold" eased ½ to £35, Gold Fields of South Africa lost 18 to a year's low of 588p and Rand Mines fell 75 to 900p.

London-domiciled Financials were upset by the sharp retreat in UK equities and Consolidated Gold Fields dipped 8 to 422p while Rio Tinto-Zinc fell a few pence to 522p.

Among Platinums Impala slipped 15 to 550p and Rustenburg 5 to 555p. Disappointing economic data and the latest sharp fall in the Australian dollar promoted another shake-out in "down-under" issues which continued to lose ground in London. Golds were especially weak and Central Norseman dropped 25 to 333p, Gold Mines of Kalgoorlie 20 to 350p and Poseidon 5 to 102p, Sons of Gwalia fell 8 to 194p.

Traded Options

The shake-out in domestic equities coupled with the expiry of the popular July series on Wednesday resulted in a subdued session in Traded Options. Total contracts struck amounted to 12,026 — barely half of the previous day's volume. However, dealings in Midland Bank got off to a relatively bright start with 468 calls and 529 puts transacted. The FT-SE 100 attracted 410 calls and 1,668 puts.

FINANCIAL TIMES STOCK INDICES

	July 24	July 23	July 22	July 21	July 18	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	89.19	88.86	88.74	88.88	82.38	83.14	83.99 (18/4)	127.4 (20/1)	49.18 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.83	95.65	95.55	95.65	95.92	88.30	97.68 (7/7)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1264.2	1286.8	1274.7	1276.3	1295.4	911.0	1425.9 (3/4)	1094.3 (14/1)	1435.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	195.9	197.2	189.7	188.4	185.7	330.2	357.0 (27/1)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.36	4.27	4.31	4.31	4.25	5.08				
Earnings Yld.%(full)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
P/E Ratio (net) (*)	11.59	11.78	11.68	11.70	11.86	9.63				
Total Bargains (Est)	22,985	23,021	23,348	26,074	23,173	19,875				
Equity Turnover £m.	—	482.98	404.78	435.55	616.78	377.62				
Equity Bargains	—	18,858	19,952	21,392	20,281	16,546				
Shares Traded (ml).	—	212.1	213.6	214.3	304.9	184.4				

S.E. ACTIVITY

Indices	July 23	July 21
Gilt Edged Bargains	122.0	136.1
Equity Bargains	122.2	129.3
Equity Value	976.2	818.2
5-Day Average		
Gilt Edged Bargains	128.1	131.1
Equity Bargains	132.9	132.2
Equity Value	999.1	1,006.4

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1281.7	1279.8	1278.1	1276.2	1272.5	1269.4	1269.5	1268.9

Day's High 1282.6. Day's Low 1264.2.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.20.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday July 24 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Wed July 23 Index No.	Tues July 22 Index No.	Mon July 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (212)	691.96	−1.3	8.86	3.54	14.38	9.26	700.98	698.61	700.26	483.30
2	Building Materials (26)	787.84	−0.9	8.98	3.64	14.00	11.47	794.95	795.68	798.64	522.85
3	Contracting, Construction (30)	1213.86	−0.7	7.87	3.76	17.39	18.95	1222.95	1223.36	1221.78	806.35
4	Electricals (12)	1798.50	−1.6	8.75	4.26	14.96	33.82	1827.26	1818.48	1823.11	1297.77
5	Electronics (38)	1537.17	−2.4	9.88	3.87	13.48	12.41	1575.25	1578.36	1576.23	1292.49
6	Mechanical Engineering (61)	390.81	—	9.87	4.13	12.98	6.44	390.90	389.76	390.83	263.85
8	Metals and Metal Forming (7)	335.56	—	8.72	4.25	14.57	5.01	335.43	331.73	334.35	179.22
9	Motors (16)	288.82	−1.3	9.13	3.35	12.77	3.78	292.63	289.97	289.28	149.44
10	Other Industrial Materials (22)	1234.31	−1.8	6.31	3.22	17.67	17.26	1256.67	1245.93	1251.84	842.93
21	CONSUMER GROUP (183)	888.42	−1.3	8.10	3.32	15.51	12.39	900.55	898.99	890.03	629.13
22	Brewers and Distillers (22)	898.63	−0.8	9.60	3.98	12.72	11.25	905.52	892.66	890.81	604.77
25	Food Manufacturing (22)	651.33	−1.9	9.77	4.01	13.39	12.20	664.25	658.07	662.67	471.62
25	Food Retailing (15)	1756.94	−2.2	6.54	2.93	20.83	16.13	1797.32	1774.62	1709.34	1491.65
27	Health and Household Products (10)	1499.15	−1.9	5.98	2.30	21.19	11.71	1528.26	1518.50	1508.86	990.16
29	Leisure (28)	874.57	−0.6	8.18	4.10	16.04	18.83	880.21	873.09	888.13	591.46
32	Publishing & Printing (14)	2495.06	−0.1	7.69	4.01	15.77	48.48	2498.58	2476.29	2502.96	1718.51
33	Packaging and Paper (14)	466.33	−1.0	7.38	3.40	13.41	6.75	471.06	470.49	470.09	329.51
34	Stores (39)	845.73	−1.2	7.09	2.96	19.15	10.49	855.71	849.57	845.34	628.49
35	Textiles (17)	523.68	−2.1	9.98	3.69	11.61	8.01	534.99	533.02	533.59	299.90
36	Tobaccos (2)	1108.49	−0.5	13.55	4.41	8.16	20.60	1114.18	1089.17	1055.64	767.49
41	OTHER GROUPS (88)	736.06	−1.9	9.14	4.26	14.06	8.50	750.58	746.78	750.56	644.37
42	Chemicals (20)	911.77	−1.3	10.03	4.45	12.09	17.64	924.15	916.32	913.71	657.14
44	Office Equipment (4)	238.50	−1.3	7.79	4.44	15.52	4.59	241.69	245.83	247.66	186.31
45	Shipping and Transport (13)	1441.26	−1.1	7.95	4.93	15.87	28.44	1457.85	1459.78	1461.05	1099.68
47	Telephone Networks (2)	741.46	−3.5	11.33	4.96	12.05	2.53	768.73	765.10	776.71	827.38
48	Miscellaneous (49)	1018.38	−0.9	6.64	3.36	18.84	11.68	1027.92	1021.05	1022.88	798.32
49	INDUSTRIAL GROUP (483)	808.44	−1.5	8.54	3.60	14.85	10.78	820.50	814.21	815.42	601.54
51	Oil & Gas (17)	1185.90	−1.3	17.23	7.61	6.94	41.46	1201.57	1201.00	1197.04	1094.26
59	500 SHARE INDEX (500)	841.68	−1.5	9.48	4.03	13.22	13.12	854.08	848.20	849.01	642.34
61	FINANCIAL GROUP (117)	598.02	−0.8	—	4.46	—	11.21	603.58	598.08	600.93	460.94
62	Banks (7)	644.92	−0.6	17.11	5.46	8.11	14.03	648.93	639.10	644.77	473.82
65	Insurance (Life) (9)	841.88	−1.5	—	4.43	—	17.27	854.86	845.02	849.90	714.71
66	Insurance (Composite) (7)	487.91	−0.4	—	4.25	—	9.46	489.98	486.77	488.74	358.48
67	Insurance (Brokers) (9)	1399.77	−0.4	8.71	3.98	15.01	23.40	1294.82	1172.53	1166.26	1009.26
68	Merchant Banks (12)	331.57	−1.0	—	3.28	—	4.56	334.79	333.31	335.78	228.11
69	Property (50)	772.13	−1.1	5.61	3.56	23.62	10.81	781.03	782.16	783.87	605.98
70	Other Financial (23)	339.71	−0.2	8.63	4.52	15.22	5.75	340.41	339.89	339.91	261.65
71	Investment Trusts (101)	744.59	—	—	3.03	—	9.71	744.72	745.41	747.30	561.61
81	Mining Finance (2)	249.28	−0.9	14.46	6.44	8.86	6.11	251.34	248.94	245.43	209.91
91	Overseas Traders (14)	653.04	−1.1	11.61	6.65	10.23	19.63	660.62	655.49	653.54	603.58
99	ALL-SHARE INDEX (734)	769.93	−1.3	—	4.10	—	12.45	779.84	774.43	775.58	591.23

	Index No.	Day's Change	Day's High	Day's Low	July 23	July 22	July 21	July 18	July 17	Year ago
FT-SE 100 SHARE INDEX §	1547.7	−24.6	1568.6	1547.7	1572.3	1589.2	1560.2	1584.4	1609.3	1221.7

FIXED INTEREST

	PRICE INDICES	Thurs July 24	Day's change %	Wed July 23	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	121.96	+0.14	121.79	—	6.89
2	5-15 years	140.53	+0.43	139.92	—	7.78
3	Over 15 years	148.03	+0.54	147.23	—	7.93
4	Irredeemables	163.50	+0.33	163.06	—	7.27
5	All stocks	136.73	+0.36	136.24	—	7.57
	Index-Linked					
6	5 years	113.14	—	113.13	—	1.18
7	Over 5 years	115.04	+0.01	115.04	—	1.99
8	All stocks	114.67	+0.01	114.66	—	1.84
9	Debentures & Loans	119.62	−0.02	119.64	—	5.82
10	Preference	84.45	+0.03	84.42	—	3.73

	AVERAGE GROSS REDEMPTION YIELDS		Thurs July 24	Wed July 23	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	8.20	8.24	10.12
2		15 years	9.21	9.26	10.22
3		25 years	9.23	9.29	10.23
4	Medium Coupons	5 years	9.54	9.62	11.01
5		15 years	9.53	9.60	10.56
6		25 years	9.53	9.60	10.10
7	High Coupons	5 years	9.72	9.78	11.18
8		15 years	9.69	9.76	10.69
9		25 years	9.54	9.59	10.19
10	Irredeemables †		9.21	9.24	10.03
	Index-Linked				
11	Inflat'n rate 5%	5 yrs.	3.66	3.65	0.0
12	Inflat'n rate 5%	Over 5 yrs.	3.55	3.56	0.0
13	Inflat'n rate 10%	5 yrs.	2.57	2.56	0.0
14	Inflat'n rate 10%	Over 5 yrs.	3.39	3.38	0.0
15	Debs & Loans	5 years	10.94	10.94	11.48
16		15 years	10.40	10.39	11.38
17		25 years	10.47	10.47	11.27
18	Preference †		10.87	10.87	12.39

§ Opening index 1568.3; 10 am 1565.9; 11 am 1563.3; Noon 1561.2; 1 pm 1556.4; 2 pm 1552.4; 3 pm 1552.8; 3.30 pm 1552.1; 4 pm 1552.1

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

CONSTITUENT CHANGES:— Samuel Properties (69) has been deleted and replaced by Clayform Properties (69).

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (38)

AMERICANS (1) FPL Group. BUILDINGS (3) HAT Group, Vibroplant, Wiggins Group. CHEMICALS (1) Thurgar Bardex. ELECTRICALS (2) Jones Stroud, Macro 4. ENGINEERING (2) Cook (Wm) (Sheffield), Wagon Ind. FOODS (2) Cheshire Wholefoods, Freshbake Foods. INDUSTRIALS (8) Alumasc, Grosgreen, Davies & Newman, Jardine Hldgs, Newman Inds, Noble & Lund, Parkfield, Worcester. PAPER (1) Smurfit (Jefferson). PROPERTY (9) Apex Props, Elton (Percy), Frogmore Estates, Marler Estates, Mountleigh, Parkdale, Priest Marians, Stockley, Warner Estate. TRUSTS (9) Archimedes Inv Cap, Berry Trust, Child Health, M & G 2nd Cap, Murray Smaller Market, Do. B, Northern American, Smallers Cos Inv, Berkeley Technology.

NEW LOWS (65)

AMERICANS (4) Amer Medical Intnl, Amlec, IU Intnl, Lone Star Inds. CANADIANS (3) Breakwater Res, Can Pacific, Gulf Canada. BANKS (2) Nat Australia Bank, Westpac. BREWERS (1) Invergordon. BUILDINGS (1) EBC. ELECTRICALS (11) Brit Telecom, Dstron Intnl, Electrocomponents, Farnell Elect, Highland Elect, ISL, Intnl Signal & Control, Memec, Norsk Data A, Unitech, Wayne Kerr. FOODS (1) Fitch Lovell. INDUSTRIALS (8) CSR, Diploma, Eastcourt, French (Thos), Jacksons Bourne End, Russell (A.), Securicor, Trafalgar House. INSURANCE (1) Abbey Life. LEISURE (3) Aspinall, Saga Holidays, Viewplan. PAPER (2) Davidson Pearce, Good Relations. PROPERTY (1) Centrovincial Ests. SHIPPING (1) British & Commonwealth. SOUTH AFRICANS (1) Anglo American Indl. TRUSTS (7) American Trust B, Atlantic Assets, Caledonia Invs, Continental Assets, Independent Inv, Throgmorton USM, Do. Warrants. OILS (9) Floyd Oil, Gulfstream Res, Highland Participants, Monument Oil & Gas, New London Oil, Petrocon, Santos, TR Energy, Woodside. MINES (9) Gold Fields SA, Minorco, Rand Mines, CRA, Emperor Mines, Metramar Minerals, MIM Hldgs, Utd Goldfields, Tanjong.

BASE LENDING RATES

	%		%
ABN Bank	10	Exeter Trust Ltd	10½
Allied Arab Bank Ltd	10	Financial & Gen. Sec.	10
Allied Dunbar & Co	10	First Nat. Fin. Corp.	11
Allied Irish Bank	10	First Nat. Sec. Ltd	11
American Express Bk.	10	● Robert Fleming & Co.	10
Amro Bank	10	Robert Fraser & Ptrs.	11
Henry Ansbacher	10	Grindlays Bank	‡10
Associates Cap Corp.	10	● Guinness Mahon	10
Banco de Bilbao	10	● Hambros Bank	10
Bank Hapoalim	10	Heritable & Gen. Trust	10
Bank Leumi (UK)	10	● Hill Samuel	§10
Bank Credit & Comm.	10	C. Hoare & Co.	10
Bank of Cyprus	10	Hongkong & Shanghai	10
Bank of Ireland	10	Knowsley & Co. Ltd	10½
Bank of India	10	Lloyds Bank	10
Bank of Scotland	10	Mase Westpac Ltd	10
Banque Belge Ltd	10	Meghraj & Sons Ltd	10
Barclays Bank	10	Midland Bank	10
Benchmark Trust Ltd	10	● Morgan Grenfell	10
Beneficial Trust Ltd	11	Mount Credit Corp. Ltd	10
Brit. Bk. of Mid. East	10	National Bk. of Kuwait	10
● Brown Shipley	10	National Girobank	10
CL Bank Nederland	10	National Westminster	10
Canada Permanent	10	Northern Bank Ltd	10
Cayzer Ltd	10	Norwich Gen. Trust	10
Cedar Holdings	11	PK Finans. Intl (UK)	10½
● Charterhouse Bank	10	Provincial Trust Ltd	11
Citibank NA	10	R. Raphael & Sons	10
Citibank Savings	¶10½	Roxburghe Guarantee	11
City Merchants Bank	10	Royal Bank of Scotland	10
Clydesdale Bank	10	Royal Trust Co. Canada	10
Comm. Bk. N. East	10	Standard Chartered	10
Consolidated Credits	10	Trustee Savings Bank	10
Continental Trust Ltd	10	UDT Mortgage Express	¶10.9
Co-operative Bank	*10	United Bank of Kuwait	10
The Cyprus Popular Bk.	10	United Mizrahi Bank	10
Duncan Lawrie	10	Westpac Banking Corp.	10
E. T. Trust	11	Whiteaway Laidlaw	10½
Equatorial Tst Corp. plc	10	Yorkshire Bank	10

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$350	4	6	3	14	—	—	$349.30
GOLD C	$360	63	1.90	20	8	5	8.50	"
GOLD C	$370	7	1	—	—	—	—	"
GOLD C	$380	9	0.90	—	—	—	—	"
GOLD P	$340	20	2.30	—	—	—	—	"
GOLD P	$350	—	—	41	8.20	—	—	
		Sept.		Dec.		March		
£/FL C	FL355	—	—	—	—	3	9.30	FL358.20
£/FL C	FL360	—	—	—	—	21	7.30	"
£/FL C	FL365	10	3	21	5.30	—	—	"
£/FL C	FL370	—	—	10	4.30	—	—	"
£/FL C	FL400	5	0.10	—	—	—	—	"
£/FL P	FL350	27	2.90	—	—	—	—	"
£/FL P	FL355	25	4.60	—	—	—	—	"
$/FL C	FL235	—	—	5	10.40B	—	—	FL240.40
$/FL C	FL240	5	5	20	7.60B	—	—	"
$/FL C	FL245	48	3.40	7	6.20	—	—	"
$/FL C	FL250	23	1.70	364	4.30	2	5.60	"
$/FL C	FL255	325	1.30	—	—	—	—	"
$/FL C	FL260	204	0.70	—	—	—	—	"
$/FL C	FL265	25	0.20	—	—	—	—	"
$/FL P	FL235	8	3.20	147	6.40	2	8.30	"
$/FL P	FL240	7	5.20	5	8.70A	1	10.70A	"
$/FL P	FL245	4	8	—	—	—	—	"
$/FL P	FL250	6	11.80	10	14.50	2	17.10A	"
$/FL P	FL255	18	16A	—	—	—	—	"
$/FL P	FL260	—	—	25	22	—	—	
		Jan.		Jan.		Apr.		
ABN C	FL620	60	13	10	24	1	27B	[illegible]
ABN P	FL600	54	18.60	30	25	1	27	"
AEGN C	FL105	119	3.40	13	6	—	—	FL100.20
AEGN P	FL100	77	4	3	5.50	—	—	"
AH C	FL90	107	6.30	—	—	—	—	FL89.50
AH P	FL85	20	2.10B	2	3.70	—	—	"
AKZO C	FL160	390	7.80	55	11.50	24	14	FL156.20
AKZO P	FL160	262	7.50	37	9.10	13	9.50	"
AMEV C	FL75	664	4.30	—	—	—	—	FL75.30
AMEV P	FL85	644	9.70	—	—	—	—	"
AMRO C	FL110	146	4.90	18	7.50A	—	—	FL105.90
AMRO P	FL105	65	4.20	53	6.50	1	7.30	"
GIST C	FL56	169	2.30	45	3.90	—	—	FL52.70
GIST P	FL50	205	1.10	3	1.80	—	—	"
HEIN C	FL170	32	6	75	2	—	—	FL164.20
HEIN P	FL160	64	4.30	49	6	—	—	"
HOO C	FL165	6	8	—	—	—	—	"
HOO P	FL165	5	7	—	—	—	—	"
HOOG C	FL110	572	5.80	26	9A	13	11.50	FL105
HOOG P	FL110	302	8.40	9	9.50	31	10.50	"
KLM C	FL50	168	1.60	146	3	6	4.50	FL45.90
KLM P	FL50	176	5.80B	9	6.70B	—	—	"
MEDL C	FL170	25	3.40	29	7.70	—	—	FL159.50
MEDL P	FL160	135	4.90	27	6.80	—	—	"
NATN C	FL85	54	1.80	500	3.80	—	—	FL79.40
NATN P	FL90	81	10.30	—	—	—	—	"
PHIL C	FL50	480	2.10	739	4A	75	5.40A	FL47.30
PHIL P	FL45	632	1.50	566	2.50B	30	2.80	"
RD C	FL200	688	3.10	157	6.80	7	10	FL188.80
RD P	FL190	250	6.80	85	8.40	2	9.20	"
UNIL C	FL500	274	15	137	27A	—	—	FL479
UNIL P	FL460	230	7.50	54	9.10	—	—	"

TOTAL VOLUME IN CONTRACTS: 27,315

A=Ask B=Bid C=Call P=Put

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 21	Aug 1	Oct 23	Nov 3
Aug 4	Aug 15	Nov 6	Nov 17
Aug 18	Sept 5	Nov 20	Dec 1

For rate indications see end of Unit Trust Service

Money was given for the call of Parkdale, Sheraton Securities, Pavion, Dewhurst, Sound Diffusion, Westwood Dawes, Thomas Marshall (Loxley), Normans, Ellis and Goldstein, Tavener Rutledge, Amstrad, Arthur Lee, Raine Industries, Brikat, York and Equity, Bernard Matthews, Abaco Investments, NMC Investments, Property Trust, Burndene Investments, Nolton, BSR, Combined Technologies, Prestwich and Amalgamated Financial Investments. No puts or doubles were reported.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
BAT Industries	380	−7	Marshall (T.) Loxley	118	−10
Boots	258	−1	Parkfield	540	+5
Coats Viyella	478	−10	Raine Industries	74	−5½
Dawson International	256	−8	Storehouse	313	+3
Dowty	218	+13	Viewplan	58	−20
ICI	982	−18	Wight Collin R. S.†	210pm	+40

† Nil-paid.

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Wed. close	Day's change	Stock	No. of changes	Wed. close	Day's change
BAT Industries	17	387	+8	Lloyds Bank	11	405	+7
Glaxo	17	973	+18	London Intl.	11	188	+4
Cable & Wire.	16	645	−10	Rank Org.	11	480	−10
Raine Indust.	15	79	−5	Barclays	10	513	+11
RTZ	14	555	+6	NatWest Bank	10	512	+10
Brengreen	12	45½	+2	Britoil	8	140	+2

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	89	0	2
Corporations, Dominion and Foreign Bonds	18	4	47
Industrials	161	457	880
Financial and Properties	83	171	313
Oils	8	32	75
Plantations	1	3	11
Mines	21	76	90
Others	54	82	119
Totals	446	824	1,571

LONDON TRADED OPTIONS

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Midland Bk (*539)	500	45	60	73	3	10	13
	550	14	27	42	28	33	42
	600	2	10	20	70	75	77
P. & O. (*485)	460	35	47	67	3	13	20
	500	10	25	43	23	30	42
	550	3	10	20	60	70	73
[illegible]							

July 24. Total contracts 12,026. Calls [illegible]. Puts [illegible]. *Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

ITALY

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

CANADA

TORONTO

Prices at 2.30pm July 24

Total Sales 2 791 185 shares

MONTREAL

Closing prices July 23

NEW YORK

Indices

	July 24	July 23	July 22	July 21	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1128.2	1137.7	1136.7	1135.6	1247.8 (7/5)	1818.8 (2/1)
Metals & Mins. (1/1/80)	498.1	502.1	506.5	506.8	602.0 (24/8)	441.1 (20/5)
AUSTRIA						
Creditbk Aktien (30/12/84)	231.18	232.96	233.25	234.75	266.64 (25/4)	226.58 (8/5)
BELGIAN						
Brussels SE (1/1/80)	3648.32	3654.08	3642.06	(c)	1788.88 (7/7)	2766.81 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	205.50	205.68	206.92	207.85	250.78 (18/4)	203.30 (24/7)
FRANCE						
CAC General (31/12/82)	374.8	387.1	385.7	366.7	411.3 (15/5)	267.8 (2/1)
Ind Tendance (31/12/82)	148.1	159.6	158.1	159.1	164.3 (12/5)	101.6 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	618.08	594.62	568.92	588.12	755.88 (17/4)	885.92 (22/7)
Commerzbank (1/12/53)	1830.5	1788.8	1762.4	1774.8	2278.8 (17/4)	1762.4 (22/7)
HONG KONG						
Hang Seng Bank (31/7/64)	1838.80	1818.88	1791.63	1777.78	1885.65 (7.8)	1556.94 (19/5)
ITALY						
Banca Comm Ital. (1972)	714.52	692.11	682.85	684.85	908.20 (20/5)	454.87 (24/1)
JAPAN**						
Nikkei (16/5/49)	18026.2	17880.1	17839.3	17622.2	18028.2 (24/7)	12881.5 (21/1)
Tokyo SE New (4/1/68)	1443.51	1421.61	1395.02	1398.81	1448.81 (24/7)	1025.85 (21/1)
NETHERLANDS						
ANP.CBS General (1970)	285.6	284.5	282.8	286.4	294.4 (11/7)	240.4 (8/5)
ANP.CBS Indust (1970)	283.9	284.4	282.8	287.8	295.7 (11/7)	254.8 (8/5)
NORWAY						
Oslo SE (4/1/83)	538.07	545.69	547.55	549.40	402.81 (16/1)	588.07 (24/7)
SINGAPORE						
Straits Times (30/12/66)	725.45	726.24	728.78	754.18	775.89 (23.0)	565.34 (28/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1297.1	1635.8	1325.6	1335.6 (22/7)	1109.1 (21/4)
JSE Indust (28/9/78)	—	1213.3	1214.8	1219.2	1218.2 (11/7)	1819.3 (2/1)
SPAIN						
Madrid SE (38/12/85)	172.33	172.18	172.15	175.28	194.77 (12.5)	108.83 (3/1)
SWEDEN						
Jacobson & P (31/12/56)	2466.16	2476.27	2455.90	2443.51	2518.56 (7/7)	1729.87 (28/1)
SWITZERLAND						
Swiss BankCpn (31/12/58)	589.2	502.0	505.4	520.7	625.5 (8/1)	507.8 (23/7)
WORLD						
M.S. Capital Intl. (1/1/70)	—	325.7	324.5	325.1	331.4 (4/7)	245.8 (28/1)

* Saturday July 19: Japan Nikkei 17,841.3. TSE 1,402.06.

Base value of all Indices are 100 except Brussels SE—1,000; JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 37

US QUARTERLY RESULTS

Continued from Page 20

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Tr 12½ '03–05	£124½	+ £⅝
BM	220	+25
Bullough	298	+ 8
Cheshire W'foods	248	+13
Davis & Newman	236	+11
Dowty	218	+13
Lyle Shipping	7½	+ 3½
Macro 4	177	+14
Noble & Lund	132	+ 9
Wiggins Group	128	+ 9

FALLS

Automated Sec.	185	− 8
BICC	265	− 8
Beecham	398	−13
Bejam	167	− 8
British Telecom	182	− 8
Broken Hill Prop	328	−22
Cadbury Schw.	162	− 7
Central Norseman	333	−25
Diploma	195	−20
Electro'compts.	370	−15
Farnell Elect.	150	−10
Glaxo	950	−23
ICI	982	−18
MEPC	333	−10
Marshall (T) (Lox)	118	−10
Plessey	204	−14
Saga Holidays	150	−13
TACE	470	−30
Unigate	278	− 9
Viewplan	58	−20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, July 24

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26½	13½	AAR s	.44	2.0	17	49	22½	22⅛	32⅛	-⅛
30	21¾	ADT	.92	3.9		36	23½	23⅜	23⅜	+⅛
33	11½	AFG s			16	267	30⅞	32	30⅝	-⅛
25⅜	13¾	AGS			13	2336	18	17¾	18	+⅛
60⅝	37½	AMR			12	2273	49⅛	48⅝	49⅛	-⅛
24	19¼	ANR pf 2.12		9.2		1	23	23	23	
12½	9½	APL			6	11	11⅜	11⅜	11⅜	
16¾	11⅛	ARX	.71t	6.3	16	47	11⅝	11¼	11¼	-⅛
51	28¾	ASA	2a	6.5		165	30⅞	30½	30¾	
18⅜	10½	AVX			26	284	11¾	11⅜	11⅜	+⅛
32	22⅜	AZP	2.72	8.8	6	1077	31	30⅞	32⅞	-⅛
55	28⅜	AbtLb s .64		1.7	26	1728	50¼	48¾	50⅛	+⅜
32	19⅝	AccoWd .56		2.1	18	90	27	26¾	21	+⅛
16⅞	9⅛	AcmeC .40		4.2		186	9⅞	9⅝	9⅝	-⅛
9¼	7	AcmeE .32b		4.1	18	3	7⅞	7⅞	7⅞	-⅛
20¾	17	AdaEx 1.90e		9.2		69	20¾	20⅛	20¾	+⅛
33⅜	16	AdmMl .40		1.3	14	34	31⅛	31	31⅛	-¼
20⅜	11¼	AdvSys .83t		5.0	15	146	17⅜	16¾	16¾	-⅜
32⅛	14¼	AMD				5074	14¾	d14⅛	14⅝	-¼
12⅝	6¾	Adobe n				57	7¼	6¾	6¾	-¼
18⅝	14⅜	Adob pf 1.84		12.		53	14⅞	14¾	14¾	-⅛
20¾	15¼	Adob pf 2.40		14		14	17⅜	17¼	17⅜	-⅛
18⅝	7⅜	Advest .12a		.7	13	465	17	15⅞	16¼	-⅜
66¼	42¼	AetnLf 2.64		4.4	11	961	60½	59¾	59¾	-⅜
57½	51½	AetL pf4.28e		8.1		40	52⅝	52⅝	52⅝	-⅛
28¾	8⅝	Ahmnas .46		1.1	6	3794	28¼	27⅛	27½	-¼
5¾	2½	Aileen			96	42	4⅛	4¾	4¾	
41⅜	25¼	AirPrd s .80		2.3	62	1700	34⅜	33⅛	34⅛	
27¾	16	AirbFrt .60		2.4	15	91	13⅛	17¾	17⅝	-⅛
2⅛	⅜	AlMoa .60e				34	13-32	13-32	13-32	
10¼	7⅜	AlaP dpf .87		8.6		556	10	9¾	9¾	-¼
28⅛	14⅞	AlskAir .10		1.0	17	1423	16	15	15⅛	+⅛
25	8⅜	Alberto s .21		1.0	21	65	21	20⅝	20¾	+⅛
23¼	17¾	AlbCul .421		1.1	19	169	19½	19	18¼	-⅛

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Continued on Page 37

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NYSE COMPOSITE PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25½	22¼	Premin .40		1.3	19	439	26	25½	25⅝	+⅛
29	19	Prmk s1.10		4.2	16	54	26⅜	20	26¼	−⅛
29	14½	PrimeC			17	3724	19¼	18⅝	19	+⅜
45⅜	22⅞	PrimM s.08		.2	20	1240	37½	37	37¼	+¼
82½	55	ProctG 2.70		3.6	18	1361	74⅞	74	74⅝	+⅛
16⅛	12⅞	PrdRs s .28		1.7	21	85	16⅛	15⅝	16⅛	+⅜
43½	31½	Proler 1.40		4.0		1	35	35	35	
2⅞	1¼	PruRC n				133	1⅜	1¼	1¼	
8⅞	7⅜	PruRl n.44e		5.7		104	8	7⅝	7⅝	−⅛
22⅞	17½	PSvCol 2		10.	13	2780	19⅞	19⅝	19⅝	−⅛
20	19⅜	PSCol pf2.10		8.5		10	24⅝	24½	24⅝	+⅜
13½	6⅞	PSInd			6	742	13¼	13	13	
33	20¾	PSIn pfA				z940	25¼	32	32⅛	−⅛
11½	6¾	PSIn pfB				z231	011	10⅞	10⅞	−⅛
11¼	6⅝	PSIn pfC				z900	10⅞	10⅝	10⅝	+⅛
70	42	PSIn pfD				z60	69¾	69¾	69¾	−¼
79⅝	30	PSIn pfF				z200	78⅝	78⅝	78⅝	
79½	60	PSIn pfG				z110	77½	77½	77½	+1
94	56	PSIn pfI				z119	94	93	94	+½
11⅞	6¾	PSvNH			4	385	9½	9¼	9⅜	−⅛
25⅛	14¼	PSNH pf				z300	20¼	19¾	19¾	−¾
28½	16¼	PNH pfB				9	20⅝	20⅝	20⅝	
33¼	22	PNH pfC				9	27¾	27½	27½	
31¼	19⅞	PNH pfD				3	24¾	24¾	24¾	−¼
31¾	19¼	PNH pfE				10	35½	26½	26½	−¾
27⅜	18½	PNH pfF				5	28	23	23	
37⅛	26⅛	PSvNM 2.92		8.3	11	3527	35⅜	35	36⅛	−⅛
42½	26⅝	PSvEG 2.96		6.7	11	4235	u43⅞	42½	43⅞	+1
53	36	PSEG pf4.50		8.8		z200	48¾	48¾	48¾	+⅛
63	43⅞	PSEG pf5.05		6.6		z100	58½	58½	58½	+1
25⅞	16	PSEG pf2.17		8.9		5	24½	24⅝	24½	+⅛
[illegible]	[illegible]	PSEG [illegible]		[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
72¼	45¾	Xerox 3		5.6	13	5947	54	52⅞	53¾	+1¼
58¼	30½	Xerox pf5.45		6.6		112	56¾	56⅛	56¾	+½
28¾	20⅝	XTRA .64		2.9		494	22⅞	25	22¼	−⅜
17⅞	13½	Yorkin n				603	15¾	16¼	15⅜	−¼
38	26¼	ZaleCp 1.32		3.6		204	37	36½	37	−⅛
10⅞	3⅞	Zapata .03j				452	4⅛	4	4	
43⅞	25⅞	Zayre s .32		.9	22	477	36½	35⅞	35⅞	−½
29⅞	16¼	ZenithE				1583	22¼	21⅞	22	−⅛
18¼	8⅞	ZenLb s			70	962	12¾	12¼	12⅜	−½
22⅞	14¾	Zero s .29		1.6	18	111	18	16⅞	19	+1¼
45¾	33	Zurnin 1.32		3.9	70	473	34⅞	33½	33⅞	−1

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, July 24

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 35

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FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Outlook for rates proves disheartening

THE GROWING BELIEF that the Federal Reserve is unlikely to cut the discount rate soon had a disheartening effect on Wall Street yesterday, *writes Paul Hannon in New York.*

Wednesday's cross-examination of Mr Paul Volcker, Fed chairman, at the semi-annual Senate Banking Committee hearing, produced some fresh insight into current Fed thinking and left many with the feeling that rate cuts alone will not help the economy.

The bond market continued to lose ground with further losses of up to a full point.

At 3pm, the Dow Jones industrial average was 9.70 down at 1,788.67.

In the stock market, blue chips fared poorly with IBM, down $¼ at $132⅞. American Can was a further $1½ weaker at $82, while Merck dipped $⅝ to $103⅜.

The Detroit car makers continued to attract attention with Ford releasing strong second-quarter profits. The group fell $¾ to $55¼ in heavy trading.

General Motors suffered a delayed $1¾ markdown to $71 in response to its poor earnings and even gloomier forecast, while Chrysler slipped $⅞ to $35¾ after its 16 per cent drop in quarterly profits. Chrysler also announced that it had ceased its search for a $2bn–$4bn high-technology acquisition but would still consider "something in the $1bn range," according to Mr Lee Iacocca, chairman.

American Motors was one of the few bright spots with its $⅛ rise to $3⅞.

The oil sector saw more results. Standard Oil, which announced a $681m loss compared, with a profit of $39m in the corresponding quarter, dropped $1⅛ to $42. Philips Petroleum, also sharply lower for the three months, slipped $¼ to $8¾.

Exxon held steady at $59⅝ after Wednesday's figures, while Tenneco retreated $1 to $37¾.

Pennzoil surrendered $1⅛ of the previous session's gain to trade at $54⅞, while Texaco said to be near a settlement with Pennzoil over outstanding litigation, held steady at $30⅞.

Panhandle Eastern, the gas pipeline operator, reported its second-quarter loss and declined $1⅞ to $39⅞.

Du Pont retreated to $¾ to $76¼ despite its surge in the last three months.

NL Industries, the diversified petroleum and metals group, added $⅛ to $15⅝ on its second-quarter falls into the red.

Media stocks were active on results. Times Mirror turned in the best performance with its jump to $191m from $70m, but the group still traded $½ lower to $66½.

Steady growth for Tribune failed to impress and the publisher and TV station operator dropped $1½ to $68⅞.

Strong second-quarter profits for Textron, the diversifed aerospace-to-consumer products group, pushed its share price up $⅛ to $53⅞.

American Brands, tied recently to more takeover speculation, posted higher quarterly profits of $97m and slipped $½ to $93½.

LTV, the troubled steel maker, found further support for its Chapter 11 move with another gain of $⅛ to $3⅜. USX, formerly US Steel, dipped $¼ to $17⅛ in response to the downgrading of its commercial paper by Moody's, the Credit rating agency. Bethlehem Steel, active in recent sessions traded unchanged at $10⅝.

Santa Fe Southern Pacific, the rail holding and natural resources group, dropped $3⅛ to $27⅛ after the Interstate Commerce Commission denied the merger of the Santa Fe and Southern Pacific railways.

McDonnell Douglas showed an early gain of $1¼ to $82¼ after favourable press comment on the group's prospects in Commercial aviation and slightly lower second-quarter figures. General Dynamics firmed $⅞ to $73½ in reponse to its 5.7 per cent gain in earnings.

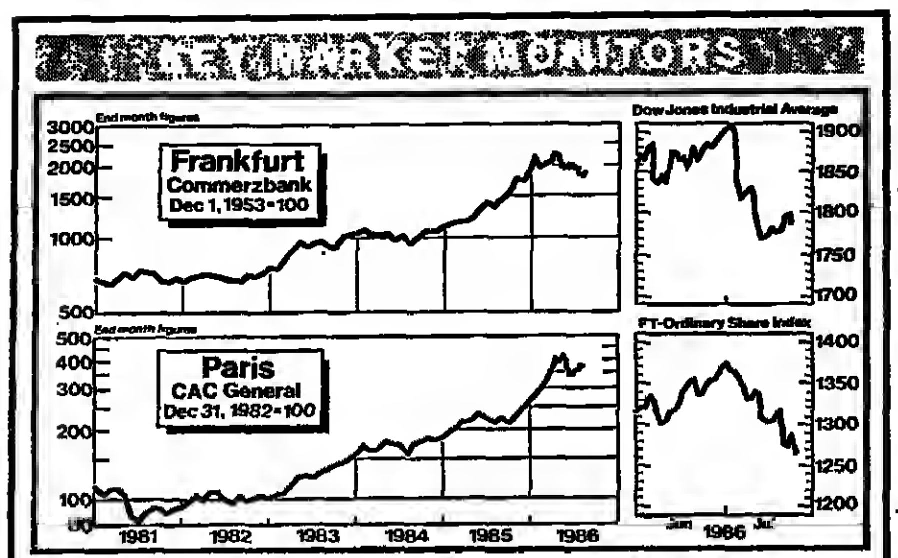
The bond market, which opened slightly lower, dropped sharply toward midsession with further losses of nearly a full point among key issues.

The diminished prospects of further rate cuts from the Federal Reserve Board soured sentiment, which is still cautious ahead of next week's major Treasury auction.

The Treasury's bellwether issue, the 7¼ per cent due in 2016, lost 27/32 at 97 27/32 to yield 7.41 per cent. The 10-year issue, 7⅜ per cent due in 1996, dropped 23/32 at 100 5/32 to yield 7.34 per cent.

Federal funds opened at 6 5/16 per cent and late slipped to 6¼ per cent.

Rates on Treasury bills firmed with the three-month issue three basis points up at 5.83 per cent and the six-month bill two basis points higher at 5.90 per cent. The one-year bill, at 5.94 per cent, was three basis points up.



STOCK MARKET INDICES

	July 24	Previous	Year ago
NEW YORK			
DJ Industrials	1,788.67*	1,798.37	1,348.90
DJ Transport	713.63*	726.38	688.80
DJ Utilities	205.09*	205.42	157.83
S&P Composite	237.82*	238.67	191.58
LONDON			
FT Ord	1,264.2	1,286.8	911.0
FT-SE 100	1,547.7	1,572.3	1,236.2
FT-A All-share	769.93	779.84	596.93
FT-A 500	841.68	854.06	n/a
FT Gold mines	195.9	197.2	330.2
FT-A Long gilt	9.54	9.59	10.17
TOKYO			
Nikkei	18,026.24	17,860.07	12,777.0
Tokyo SE	1,443.90	1,421.51	1,050.00
AUSTRALIA			
All Ord.	1,128.2	1,137.7	935.7
Metals & Mins.	496.1	502.1	545.7
AUSTRIA			
Credit Aktien	231.35	232.96	99.67
BELGIUM			
Belgian SE	3,643.52	3,636.06	2,314.89
CANADA	July 24	Prev	Year ago
Toronto			
Metals & Mins	1,994.9*	2,015.9	2,043
Composite	2,957.4*	2,966.5	2,776.1
Montreal			
Portfolio	1,482.84*	1,487.10	137.82
DENMARK			
SE	203.30	205.68	213.64
FRANCE			
CAC Gen	374.90	367.10	218.3
Ind. Tendance	143.10	139.60	80.8
WEST GERMANY			
FAZ-Aktien	610.06	594.62	477.65
Commerzbank	1,830.50	1,786.80	1,403.5
HONG KONG			
Hang Seng	1,836.00	1,816.96	1,665.63
ITALY			
Banca Comm.	714.32	692.11	351.09
NETHERLANDS			
ANP-CBS Gen	283.50	284.30	219.1
ANP-CBS Ind	283.90	284.40	186.4
NORWAY			
Oslo SE	339.07	345.69	345.89
SINGAPORE			
Straits Times	723.43	726.24	774.73
SOUTH AFRICA			
JSE Golds	-	1,297.1	880.4
JSE Industrials	-	1,215.5	997.6
SPAIN			
Madrid SE	172.33	172.18	81.45
SWEDEN			
J & P	2,468.14	2,475.27	1,355.00
SWITZERLAND			
Swiss Bank Ind	509.20	502.00	466.5
WORLD	July 23	Prev	Year ago
MS Capital Int'l	325.7	324.5	220.6

COMMODITIES

(London)	July 24	Prev
Silver (spot fixing)	335.00p	333.15p
Copper (cash)	£889.00	£898.25
Coffee (September)	£1,869.00	£1,886.50
Oil (Brent blend)	$8.95	$8.65

GOLD (per ounce)

	July 24	Prev
London	$348.75	$347.75
Zürich	$348.80	$347.20
Paris (fixing)	$349.95	$352.26
Luxembourg	$348.35	$351.85
New York (Aug)	$349.30*	$349.00

CURRENCIES

	US DOLLAR		STERLING	
(London)	July 24	Previous	July 24	Previous
$	-	-	1.4940	1.4920
DM	2.1365	2.1350	3.1925	3.1850
Yen	156.60	157.30	234.0	234.75
FFr	6.9050	6.8900	10.315	10.28
SFr	1.7240	1.7260	2.575	2.575
Guilder	2.4075	2.4050	3.5975	3.59
Lira	1,466	1,464.5	2,188	2,185
BFr	43.95	44.00	65.65	65.65
C$	1.3885	1.3895	2.0735	2.0720

INTEREST RATES

Euro-currencies	July 24	Prev
(3-month offered rate)		
£	10	10⅛
SFr	5⅜	5
DM	4⅝	4⅝
FFr	7⅛	7⅛
FT London Interbank fixing (offered rate)		
3-month US$	6⅝	6⅝
6-month US$	6⅝	6⅝
US Fed Funds	6¼*	6⅛
US 3-month CDs	6.20*	6.25
US 3-month T-bills	5.805*	5.95

US BONDS

Treasury	July 24 Price	Yield	Prev Price	Yield
8⅝ 1988	99 29/32	6.676	100 1/32	6.70
7¼ 1993	100⅝	7.244	100⅜	7.20
7⅛ 1996	100 19/32	7.327	100 29/32	7.27
7¼ 2016	98⅝	7.40	98 25/32	7.35

Source: Harris Trust Savings Bank

Treasury Index Maturity (years)	Return Index	July 24 Day's change	Yield	Day's change
1–30	153.20	–0.31	7.35	+0.04
1–10	146.20	–0.20	7.11	+0.04
1–3	137.47	–0.03	6.77	+0.02
3–5	148.18	–0.25	7.33	+0.06
15–30	178.38	–0.74	8.18	+0.04

Source: Merrill Lynch

Corporate	July 24 Price	Yield	Prev Price	Yield
AT & T				
3⅛ July 1990	90⅝	6.59	90⅝	6.59
SCBT South Central				
10½ Jan 1993	105⅝	9.68	105.85	9.66
Phibro-Sal				
8 April 1996	96⅞	8.21	99⅞	8.12
TRW				
8⅞ March 1996	103.60	8.17	103.95	8.15
Arco				
9⅞ March 2016	103⅞	9.54	104½	9.41
General Motors				
8⅛ April 2016	91⅞	8.98	81⅞	8.96
Citicorp				
9⅜ March 2016	97	9.68	97	9.68

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	96–24	97–25	96–17	97–22
US Treasury Bills (IMM) $1m points of 100%				
Sept	94.33	94.39	94.33	94.36
Certificates of Deposit (IMM) $1m points of 100%				
Sept	n/a	93.75	93.75	93.81
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	93.47	93.49	93.46	93.47
20-year Notional Gilt £50,000 32nds of 100%				
Sept	120–24	120–24	119–22	119–12

* Latest available figures

LONDON

POLITICAL uncertainties resurfaced in London financial markets and equities suffered a sharp reversal after Wednesday's technical rally.

Reflecting the turnround, the Financial Times Ordinary index more than wiped out the previous day's 12.1 rally by 1pm and finally settled with a loss of 22.6 at 1264.2. The more broadly based FT-SE 100 share index sustained a decline of 24.6 at 1547.7.

Concern about the possible political repercussions from the investigation by the House of Commons defence committee into the Westland helicopter affair, particularly in view of the poor showing by the Government in a recent parliamentary by-election, was largely behind the setback.

Chief price changes, Pages 35; Details, Page 34; Share information service, Page 32–33.

HONG KONG

STRONG FOREIGN demand, particularly from the US, pushed shares higher in heavy Hong Kong trading for a fourth consecutive session.

The Hang Seng index rose 19.04 to 1,836. The index has added more than 6 per cent over the last two weeks.

Turnover rose to HK$760.16m, second only this year to the HK$811.24 recorded on May 15 when Cathay Pacific shares began trading.

The leading trading companies were at the centre of attention. Hutchison Whampoa rose 85 cents to Hk$30.25, Swire Pacific 40 cents to HK$13.10 and Jardine Matheson 20 cents to HK$14.80.

SINGAPORE

PROFIT-TAKING and stoploss selling continued to take their toll in Singapore where the mood remained hesitant ahead of next month's Malaysian elections.

The Straits Times industrial index lost 2.61 to $723.43 on turnover that to 9.6m shares from the previous day's 7.2m.

Metro Holdings down 31 cents to $2.64 and its subsidiary, Transmarco, shed 34 cents to 93 cents following reports that Metro had failed to sell its majority stake in the subsidiary.

SOUTH AFRICA

GOLD SHARES ended mostly lower after a hesitant session in Johannesburg amid profit taking as the financial rand picked up from its recent lows.

Vaal Reefs shed R4 to R251 and Blyvoor 25 cents to R16.25. In the opposite direction, Randfontein firmed R2 to R302.

Mining financials and most other minings followed the trend with Rustenburg Platinum R1 lower at R40.50 ahead of the announcement of higher annual profits, which came after the market closed.

CANADA

UNDER the weight of a lower trend in Wall Street, Toronto stretched early losses.

Resources felt the brunt of the sell-off and lower oils included Imperial Oil down C$⅛ at C$36⅞ and Ranger off 45 cents at C$4.30.

Dome Petroleum, which has made informal proposals to some of its 54 creditors to convert a portion of its C$6.27bn debt into notes bearing interest rates linked to oil prices, gave up 4 cents to C$1.01.

Montreal was also down with industrial Domtar shedding C$⅜ to C$29½.

EUROPE

Corporate news acts as stimulus

STRONG CORPORATE results provided the stimulus for rises in most major European bourses yesterday and the fires were further fuelled by the belief that the dollar's fall has come to a halt for the present.

Paris continued strongly firmer as investors took advantage of the month's free credit available at the start of the trading account.

Engineerings stole the limelight as Avions Dassault soared FFr 130 to FFr 1,380 on news that the group is open to foreign co-operation on the development of its Rafale fighter jet.

Michelin was also a strong mover, advancing FFr 200 to FFr 3,300 after a favourable analyst' report, and also in the car sector, Peugeot rose FFr 45 to FFr 965.

Thomson-CSF, which has won an order from the West Germany navy to supply fire control radar systems for patrol vessels, registered a FFr 45 rise to FFr 1,515.

Frankfurt ended a lively session higher boosted by record first-half profits at Dresdner Bank.

The Commerzbank index shot up 43.7 to 1,803.5 as investors shrugged off worries about the weak dollar.

Among banks, Deutsche led the gains with a DM 22 rise to DM 769, Dresdner firmed DM 13.50 to DM 405 and Commerzbank added DM 11 to DM 299.50.

Cars were gainers with Daimler up DM 6 at DM 1,146, BMW firmer by DM 12 at DM 557 and VW DM 13 higher at DM 460.

Good gains among electricals left Siemens DM 10 higher at DM 613, while in retailers Karstadt put on DM 10 to DM 364, and Horten added DM 13 to DM 195.

The industrial and retailing sectors were also happy with present business conditions, the report said.

Bonds were firmer on foreign demand and longer-dated issues recorded gains of about 15 basis points and losses of 5 basis points. There were also isolated gains of around 50 basis points.

The Bundesbank sold DM 57m worth of domestic paper after selling DM 73.1m on Wednesday.

Milan turned upwards after comments from Prime Minister designate Bettino Craxi that the present political crisis could be resolved.

Prices improved across the board, with activity especially centring on industrial issues. Fiat climbed L600 to L13,950, while Montedison rose L80 to L3,350.

Mediobanca, which has risen steadily recently on expectations of a capital increase, registered a L6,900 rise to L262,000.

Madrid rose in routine trading.

Amsterdam faded as the attention of foreign investors was attracted by the other major bourses. The market was left to suffer from the holiday-dampening effect.

Profit-taking hit Akzo, sending it Fl 1.80 lower to Fl 156.20, while Unilever shed Fl 4.50 to Fl 479 and Philips lost Fl 1.20 to Fl 47.30.

Bonds were mostly higher with activity focusing on the 10-year bullet bond of 6¼ per cent which rose to 100.30 per cent from 100.10 per cent.

Brussels was barely changed, while good turnover pushed **Zurich** higher and machinery makers were favoured.

Brown Boveri advanced SFr 90 to SFr 1,790 and Georg Fischer rose SFr 70 to SFr 1,620. Bonds were narrowly mixed.

Stockholm was depressed after a series of gains this week.

Ericsson, down SKr 9 to SKr 220, faded following a statement from the group saying that short-term results would suffer because of long-term investment costs. Ericsson has won an order for telephone switching equipment from Nynex of the US, marking its third success in the important US market.

Oslo turned down sharply on weak half year profits from Norsk Hydro which plunged NKr 9 or 6 per cent to NKr 137 on unusually heavy volume of 74,300 shares traded.

However, the downward slide in the price of Norsk Data halted, *writes Fay Gjester in Oslo.*

After losing around 15 per cent in value from July 14 to 23, the company's A shares firmed very slightly and were traded up NKr 1 at NKr 187 (par value 20) with uncovered buyers at NKr 186. This compares with a 1986 high of NKr 243.7.

Half-year results of the fast growing Norwegian mini-computer company are not expected until September. The board chairman, Mr Terje Mikalsen said the recent decline could be due to the poor showing of US computer companies in the first half of 1986, particularly IBM and Data General. Norsk Data's own half-year results would be about as forecast, said Mikalsen.

Norsk Data is one of the 18 most traded shares on the Oslo exchange.

AUSTRALIA

THE ANNOUNCEMENT of worse than expected consumer price inflation and money supply figures, coupled with a steep fall in the domestic currency, left shares sharply lower in active Sydney trading.

The All Ordinaries index fell 9.5 to 1,126.2, with blue chip industrials taking the brunt of the selling.

BHP fell 16 cents to A$8.20 on turnover of 8m shares, much of it options related. Peko slipped 6 cents to A$5.10 but Bell Resources managed a 5 cent advance to A$3.90.

Among the banks, Westpac was 7 cents lower at A$4.45, ANZ 3 cents down at A$4.60 and National Australia 2 cents easier at A$5.06.

TOKYO

Institutions steer course to record

INSTITUTIONS INVESTORS were voracious purchasers of low-priced, large-capital shipbuilding, steel and electric power issues in Tokyo, driving share prices to a record high, *writes Shigeo Nishiwaki of Jiji Press.*

Also attracting strong buying interest were issues expected to benefit from an expansion of domestic demand.

The Nikkei market average gained 166.17 to 16,026.24, exceeding the previous peak of 17,882.80 reached on July 15. Volume swelled to 1.32bn shares from Wednesday's 1.14bn, reflecting massive purchases of large-capital stocks by institutional investors. Gains outpaced losses by a slim margin of 434 to 430, with 127 issues unchanged.

Low-priced, large-capital issues accounted for six of the 10 most active stocks.

Nippon Kokan topped the active list with 160.37m shares changing bands and rose Y5 to Y239. Kawasaki Steel, the second most active issue with 157.77m shares, advanced Y3 to Y216.

Ishikawajima-Harima Heavy Industries added Y12 to Y379, Tokyo Gas Y39 to Y684, Mitsubishi Heavy Industries Y20 to Y470 and Nippon Steel Y3 to Y198.

Buying interest spread to leading domestic demand-related issues, whose earnings are expected to improve further as a result of pump-priming measures to be taken by Prime Minister Yasuhiro Nakasone's new cabinet.

Mitsubishi Estate, rose Y140 to Y2.400 and Mitsui Real Estate Development Y120 to Y2,130.

Nippon Express added Y30 to Y1,050, and Tokyu Y70 to Y1,190.

Some city banks, non-life insurances and securities houses fared well, with Sumitomo Bank adding Y150 to Y2,140, Tokio Marine and Fire Insurance Y100 to Y1,570 and Nomura Securities Y50 to Y2,760.

Blue-chips firmed as the yen's rise against the dollar halted. NEC rose Y50 to Y1,330 and Hitachi Y15 to Y790.

Bond prices opened easier, hit by the continued decline in long-term US bond prices. Later, however, prices turned higher to close almost unchanged from the previous day.

The yield on the benchmark 6.2 per cent government bonds, maturing in July 1995, finished at 4.710 per cent, up slightly from Wednesday's 4.700 per cent.

Bonds with similar maturities to those of the 6.2 per cent bonds attracted small-lot buying. The yield on 6.6 per cent bonds, falling due in December 1994, finished at 5.240 per cent, down fractionally from 5.250 per cent.